B 5050-1-U

1985
WORLDWIDE
Lodging
INDUSTRY

HORWATH & HORWATH INTERNATIONAL

1985 Edition

WORLDWIDE LODGING INDUSTRY

15TH ANNUAL REPORT ON INTERNATIONAL HOTEL OPERATIONS

4 Foreword/Avant-propos/Vorwort/Introducción

10 Comments From Around the World

30 The Worldwide Lodging Industry Report

32 International Hotels: Percentage of Distribution of Revenue and Expenses

36 Region I: Africa and the Middle East

51 Region II: Asia and Australasia

65 Region III: North America

79 Region IV: Europe

93 Region V: Latin America

102 Appendix I: Explanation of Terms and Bases Used

104 Appendix II: Impact of Currency Fluctuations

© 1985

Horwath & Horwath International

Headquarters: 919 Third Avenue, New York, New York 10022

LIST OF EXHIBITS

All Hotels

	Exhibit	Page
Profile of Contributors		
General	1	31
Highlights	2	31
Market Data		
Worldwide Lodging Industry Revenue and Expenses	Chart 1	32
Five-Year Trend-All Hotels	3	33
Market Data-By Regions	4	34
Nationality of Guests	5	35

Africa and the Middle East

	Exhibit	Page
General Profile of Typical Contributor	I-1	36
Highlights	I-2	36
Africa and Middle East Lodging Industry Revenue and Expenses	Chart 2	37
Market Data	I-3	38
Nationality of Guests	I-4	38
Comparison of Sales and Profitability	I-5	39
Occupancy, Double Occupancy, Room Rates	I-6	39
Europe Occupancy Rates	Chart 3	39
Composition of Sales	I-7	40
Minor Operated Departments and Other Income	I-8	41
Food and Beverage Statistics	I-9	42–43
Cash Payroll, Employee Benefits, Total Payroll and Employment Statistics	I-10	44
Analysis of Undistributed Operating Expenses	I-11	45
Energy Costs Per Occupied Room Per Day	I-12	46
Method of Payment for Hotel Services	I-13	46
Credit Card Commission Annual Cost Per Occupied Room	I-14	46
Fixed Charges—Median Amounts Per Room and Ratio to Total Sales	I-15	47
Balance Sheet Statistics-Liquidity Ratios	I-16	47
Statement of Income and Expenses Median Amounts Per Available Room	I-17	48
Ratio to Total Sales	I-18	49
Region I: Currency Conversion Tables		50

Asia and Australasia

	Exhibit	Page
General Profile of Typical Contributor	II-1	51
Highlights	II-2	51
Market Data	II-3	51
Nationality of Guests	II-4	52
Comparison of Sales and Profitability	II-5	52
Asia and Australasia Lodging Industry Revenue and Expenses	Chart 4	53
Occupancy, Double Occupancy, Room Rates	II-6	54
Composition of Sales	II-7	54
Asia and Australasia Occupancy Rates	Chart 5	54
Minor Operated Departments and Other Income	II-8	55
Food and Beverage Statistics	II-9	56–57
Cash Payroll, Employee Benefits, Total Payroll and Employment Statistics	II-10	58
Analysis of Undistributed Operating Expenses	II-11	59
Energy Costs Per Occupied Room Per Day	II-12	60
Method of Payment for Hotel Services	II-13	60
Credit Card Commission Annual Cost Per Occupied Room	II-14	60
Fixed Charges—Median Amounts Per Room and Ratio to Total Sales	II-15	61
Balance Sheet Statistics-Liquidity Ratios	II-16	61
Statement of Income and Expenses Median Amounts Per Available Room	II-17	62
Ratio to Total Sales	II-18	63
Region II: Currency Conversion Tables		64

North America

	Exhibit	Page
General Profile of Typical Contributor	III-1	65
Highlights	III-2	65
Market Data	III-3	65
North America Lodging Industry Revenue and Expenses	Chart 6	66
Nationality of Guests	III-4	67
Comparison of Sales and Profitability	III-5	67
Occupancy, Double Occupancy, Room Rates	III-6	68
Composition of Sales	III-7	68
North America Occupancy Rates	Chart 7	68
Minor Operated Departments and Other Income	III-8	69
Food and Beverage Statistics	III-9	70–71
Cash Payroll, Employee Benefits, Total Payroll and Employment Statistics	III-10	72
Analysis of Undistributed Operating Expenses	III-11	73
Energy Costs Per Occupied Room Per Day	III-12	74
Method of Payment for Hotel Services	III-13	74
Credit Card Commission Annual Cost Per Occupied Room	III-14	74
Fixed Charges—Median Amounts Per Room and Ratio to Total Sales	III-15	75
Balance Sheet Statistics-Liquidity Ratios	III-16	75
Statement of Income and Expenses Median Amounts Per Available Room	III-17	76
Ratio to Total Sales	III-18	77
Region III: Currency Conversion Tables		78

Europe

	Exhibit	Page
General Profile of Typical Contributor	IV-1	79
Highlights	IV-2	79
Market Data	IV-3	79
Europe Lodging Industry Revenue and Expenses	Chart 8	80
Nationality of Guests	IV-4	81
Comparison of Sales and Profitability	IV-5	81
Occupancy, Double Occupancy, Room Rates	IV-6	81
Composition of Sales	IV-7	82
Europe Occupancy Rates	Chart 9	82
Minor Operated Departments and Other Income	IV-8	83
Food and Beverage Statistics	IV-9	84–85
Cash Payroll, Employee Benefits, Total Payroll and Employment Statistics	IV-10	86
Analysis of Undistributed Operating Expenses	IV-11	87
Energy Costs Per Occupied Room Per Day	IV-12	88
Method of Payment for Hotel Services	IV-13	88
Credit Card Commission Annual Cost Per Occupied Room	IV-14	88
Fixed Charges—Median Amounts Per Room and Ratio to Total Sales	IV-15	89
Balance Sheet Statistics-Liquidity Ratios	IV-16	89
Statement of Income and Expenses Median Amounts Per Available Room	IV-17	90
Ratio to Total Sales	IV-18	91
Region IV: Currency Conversion Tables		92

Latin America

	Exhibit	Page
General Profile of Typical Contributor	V-1	93
Highlights	V-2	93
Market Data	V-3	93
Latin America Lodging Industry Revenue and Expenses	Chart 10	94
Nationality of Guests	V-4	95
Comparison of Sales and Profitability	V-5	95
Occupancy, Double Occupancy, Room Rates	V-6	95
Composition of Sales	V-7	96
Minor Operated Departments and Other Income	V-8	96
Food and Beverage Statistics	V-9	96–97
Cash Payroll, Employee Benefits, Total Payroll and Employment Statistics	V-10	97
Analysis of Undistributed Operating Expenses	V-11	98
Energy Costs Per Occupied Room Per Day	V-12	98
Method of Payment for Hotel Services	V-13	98
Credit Card Commission Annual Cost Per Occupied Room	V-14	98
Fixed Charges—Median Amounts Per Room and Ratio to Total Sales	V-15	99
Balance Sheet Statistics-Liquidity Ratios	V-16	99
Statement of Income and Expenses Median Amounts Per Available Room	V-17	100
Region V: Currency Conversion Tables		100
Ratio to Total Sales	V-18	101

FOREWORD

By Juan A. Seif
President and Chief Executive Officer
Horwath & Horwath International

A free market economy currently is being encouraged in many parts of the world. Economists and government officials believe that a free market is one of the ways to correct imbalances, remove unnecessary surpluses and reduce levels of inefficiency.

Are the lodging and tourism industries allowed to operate in a free market or are they increasingly becoming the targets of government interference as well as increased regulation and taxation?

Regulations governing accommodation often prevent the operation of a free market in the lodging industry. In the broader context of the tourism industry, various regulatory mechanisms, particularly those relating to airlines, often discourage access by business people and tourists to areas of commercial development, attractions, facilities (including hotels) that could cope with and would welcome additional business.

Regulation of the lodging industry is often considered consumer protection, since the booking of accommodation for business or holiday purposes is frequently the largest single purchase that most persons make without having seen or sampled the product. There is an obvious need for as wide a range of information as possible together with some assurance about standards. To experience poor hotel accommodation can ruin a visit and prejudice the traveler against the city, resort or country in which the disappointment occurred. Hence, many countries adopt statutory registration and grading for hotels together with inspection procedures.

Most people in the tourism industry are aware of the need for protection mechanisms, even the dual protection found in many forms of transportation. For example, an aircraft has to be airworthy, and the pilot and crew have to be licensed. Some even suggest that this dual control should be applied to hotels: the premises should be licensed and the managers should have a professional "license to practice."

Tourism is a growth industry, a fact acknowledged in previous editions of *Worldwide Lodging Industry*. It has a vital role in the economy of the United States. For example, tourism accounts for US$41 billion in annual wages; it generates US$20 billion in Federal, state and local tax revenues, and has created 4.5 million jobs. International travel receipts to Europe accounted for US$57.6 billion in 1984. The success of the industry is beyond question.

What is questionable, however, is the reaction many governments have to growth sectors of the economy—they become fair game for increased taxation, interference and regulation. Thus, bed taxes, airport taxes and even motorway taxes are examples of how governments regard the tourism industry as a possible future source of revenue. The situation is perhaps akin to the petroleum industry, which became progressively more attractive to governments thirsting for easy revenues. Will tourism be similarly effected as a result of its growth?

How will lodging industry spokesmen react when and if the current success of the industry results in further regulation and control? Who will question the licensing of hotel management? How could such a proposal affect the owner/operators who constitute the bulk of the lodging industry worldwide? Shouldn't industry leaders be more aware that increasing profits possibly are a potential source of revenue for governments?

The lodging industry has been subject to market forces since its infancy. It always has had to react to these forces, and has done so creditably. Will it be allowed to do so in the future? Managers throughout the industry should be vigilant to assure that the continued success of the industry does not make it a target for increased regulation.

Regulation of the tourism industry can be viewed in direct terms. For example, the protectionist policies of many state airlines keep travel costs high and prevent market expansion. Protecting air routes has the same effect. Both are policies that prevent many travelers from venturing to a destination and using available hotel accommodation. The imposition of wage controls and high levels of social taxation can also prevent the lodging industry from generating the profits required for expansion.

In addition, there are indirect effects, many of which are not considered by decision makers since they do not understand the diverse nature of the tourism industry and how regulatory policies, in apparently unrelated sectors, can have dramatic consequences for the tourism industry.

Foreign exchange controls, for whatever positive reasons, have repercussions in the tourism industry, and the manipulation of currency values, again for good reasons, often are imposed with little regard to the effects on airlines and the lodging industry. One country's gain is inevitably another country's loss—a scenario often occurring between European nations and the United States. Indeed, the continuing battles on the North Atlantic air routes relate not only to airline policies but to traffic generated by currency advantages.

Where should government involvement in such affairs stop and what should the role of governments be in the expanding tourism industry? Should the markets be allowed to have it their own way or should there be levels of control?

Most countries obtain considerable benefits from a balanced tourist product where the lodging industry is supported by a complementary infrastructure—or vice versa. The infrastructure consists of the access, attractions and all nonlodging facilities, including education and training. Much of it is, therefore, already within public sector jurisdiction, and such facilities as roads, drainage, water supply, education, for instance, are an integral part of the tourist product and have not been financed by the private sector. Thus, many aspects of tourism would not exist without government support and involvement.

Many hotel developers are aware of the vulnerability of lodging projects during the first years of operation, even when the need for new facilities have been documented. For many years governments have provided funds to aid such projects during this crucial stage of development—from the soft loans available in Europe to the Urban Development Action Grants in the U.S. (See *A Profile of Government Financial and Grant Aid to Tourism* written and published by Horwath & Horwath International with the permission of the World Tourism Organization.) But it is evident that governments can quickly benefit from such investments. The return on government investment in tourism, for example, can be as short as 30-36 months (even 20-24 months if the indirect and tourism multiplier effects are taken into account). As was noted in last year's edition of this publication, many full-time jobs also are created at low cost to governments.

However valuable it may be for governments to seed such projects, does it entitle the provider to take a significant share of the harvest? Could the mounting evidence that tourism is a continuing international success herald far greater government regulation and control?

Given a free market economy, why should a successful industry, based on its available expertise and marketing skills, not be allowed to prosper, reinvest, develop and expand unhindered by regulation control and specific taxation? Admittedly, some lodging and tourism developmental proposals do need government aid during formative stages but such funds usually are readily recouped. The tourism industry (including the lodging component) is one of the few international industries that generally can successfully manage all aspects of its operations.

We urge governments to apply free market policies to the tourism and lodging industries and permit the managers of these dynamic industries to operate without undue interference. ■

AVANT-PROPOS

Dans de nombreuses régions du monde, l'économie de marché libre se voit encouragée. Economistes at Responsables Gouvernementaux pensent que le marché libre représente un des moyens pour corriger les déséquilibres, éliminer les surplus et réduire les niveaux d'inefficacité.

L'industrie hôtelière et touristique tend-elle à oeuvrer dans une économie de marché libre, ou ne devient-elle pas, de plus en plus, la cible de l'interventionnisme de l'Etat et le champ d'une réglementation et d'une fiscalité accrues?

Les réglementations régissant le secteur des hébergements empêchent souvent le libre jeu du marché dans l'industrie hôtelière. Dans le cadre plus large de l'industrie du tourisme, il existe divers mécanismes réglementaires, en particulier ceux concernant les compagnies aériennes, qui découragent hommes d'affaires et touristes à visiter certaines régions en développement économique, certains pôles d'attraction et de services (incluant l'hôtellerie) qui pourraient pourtant satisfaire une demande nouvelle et l'accueilleraient bien volontiers.

On considère souvent la réglementation gouvernant le secteur hôtelier comme un système de protection du consommateur, puisque en effet, la réservation d'un hébergement pour des motifs d'affaires ou de tourisme constitue souvent le seul achat important que la plupart des gens font sans avoir vu ni testé le produit. Il y a là un besoin évident d'une information aussi ample que possible, combiné avec une certaine garantie quant aux normes de produit ou de service. La mauvaise expérience d'un client dans l'utilisation d'un service peut ruiner son séjour et lui laisser une impression défavorable sur la ville, la station ou le pays dans lequel il a vécu sa déception. C'est pourquoi de nombreux pays adoptent des dispositions statutaires d'enregistrement et de classement des établissements hôteliers, ainsi que des procédures d'inspection.

La plupart des gens dans l'industrie du tourisme sont conscients du besoin de mécanismes de protection, et même d'un double niveau de protection tel que celui en vigueur dans de nombreux moyens de transports. Par exemple, un avion doit être techniquement sûr, et le pilote et l'équipage doivent être certifiés. Certains suggèrent que ce double niveau de contrôle soit appliqué aux hôtels, les locaux devant être conformes, et l'exploitant devant posséder la qualification professionnelle pour l'exploitation.

Le tourisme est une industrie de croissance, un fait déjà reconnu dans les précédentes éditions du "Worldwide Lodging Industry." Ce secteur a un rôle vital dans l'économie des Etats-Unis. Ainsi, le tourisme totalise 41 milliards de US $ de masse salariale annuelle, produit 20 milliards de US $ en recettes fiscales fédérales, d'état ou locales, et a créé 4.5 millions d'emplois. Les recettes internationales du tourisme en Europe ont représenté en 1984, 57.6 milliards de US $. La santé de l'industrie touristique ne prête pas à contestation.

Ce qui est plus critiquable cependant, c'est la réaction de nombreux gouvernements envers ces secteurs de croissance de l'économie, qu'ils considèrent naturellement comme un terrain privilégié pour une réglementation, une taxation, et un interventionnisme accrus. Ainsi, les taxes de séjour, les taxes d'aéroport et même les taxes sur les autoroutes sont des exemples révélateurs de la façon dont les gouvernements considèrent l'industrie touristique comme une possible source future de revenus. La situation se rapproche peut-être de celle de l'industrie pétrolière qui, progressivement, est devenue de plus en plus séduisante aux gouvernements en quête de revenus faciles. Le tourisme connaîtra-t-il un sort comparable du fait de sa croissance?

Comment les porte-paroles de l'hôtellerie réagiront-ils quand et si le dynamisme actuel de l'industrie résultait en davantage de réglementation, davantage de contrôle? Qui abordera le problème de la qualification du management hôtelier? Comment une telle proposition pourrait-elle affecter les propriétaires/exploitants qui constituent la masse de l'industrie hôtelière à travers le monde? Les leaders de l'industrie ne devraient-ils pas être plus conscients du fait que des profits croissants constituent, peut-être, une source de revenus potentiels pour les gouvernements?

L'industrie hôtelière a subi les lois du marché dès son jeune âge. Elle a toujours

dû tenir compte des forces du marché, et l'a fait de manière honorable. Sera-t-elle autorisée à continuer ainsi dans le futur? Les gestionnaires de l'ensemble du secteur hôtelier doivent rester vigilants pour s'assurer que le succès continu de leur industrie n'en fasse pas un domaine de prédilection pour un interventionnisme réglementaire accru.

La réglementation de l'industrie touristique peut être considérée on termes directs. Ainsi, les politiques protectionnistes de nombreuses compagnies aériennes nationales gardent à des niveaux élevés le coût du transport et empêchent l'expansion des marchés. La protection des lignes aériennes a le même effet. Toutes deux sont des politiques qui détournent de nombreux voyageurs de certaines destinations et donc d'utiliser l'offre hôtelière disponible localement. L'imposition du contrôle des salaires et d'un niveau élevé de charges sociales peut aussi empêcher l'hôtellerie de produire les niveaux de profit requis pour l'expansion.

En outre, il y a les effets indirects, dont beaucoup ne sont pas considérés par les décideurs, dans la mesure où ils ne comprennent pas la nature diverse de l'industrie touristique, et la manière dont certaines politiques réglementaires, apparemment sans lien avec le secteur, peuvent avoir de dramatiques conséquences sur l'activité touristique.

Le contrôle des changes, quelle qu'en soit la justification réelle, a des répercussions sur le tourisme, et les manipulations des taux de change, même pour la bonne cause, sont souvent appliquées sans regard aux effets induits sur l'activité du transport aérien ou de l'hôtellerie. Le bénéfice d'un pays est inévitablement la perte d'un autre—un scénario classique entre les pays européens et les Etats-Unis. Ainsi, les batailles continuelles sur les lignes de l'Atlantique Nord ne sont pas seulement liées aux politiques des compagnies aériennes, mais aussi aux flux dérivant des avantages de change.

Où l'implication gouvernementale dans de telles opérations devrait-elle s'arrêter, et que doit-être le rôle des Etats dans l'expansion de l'industrie touristique? Faut-il laisser les marchés agir par eux-mêmes ou doit il y avoir des niveaux de contrôle?

La plupart des pays obtiennent des bénéfices considérables d'un produit touristique équilibré, où l'hôtellerie est supportée par les infrastructures et les équipements complémentaires—ou vice-versa—. L'infrastructure est constitueée par les accès, les pôles d'attraction et tous les services non hôteliers, incluant éducation et formation. La plupart sont donc déjà, par conséquent, du domaine public et des services ou équipements tels que routes, traitement des eaux usées, fourniture d'eau, éducation, par exemple, sont une partie intégrante du produit touristique et ne sont pas financés par le secteur privé. Ainsi, de nombreux aspects du tourisme n'existeraient pas sans le support et l'implication de l'Etat.

De nombreux promoteurs hôteliers sont conscients de la vulnérabilité des projets durant les premières années de leur exploitation, même quand le besoin de nouvelles capacités a été établi. Depuis longtemps, les gouvernements ont débloqué des fonds d'aide à de tels projets durant cette période cruciale de leur existence—depuis les prêts à taux bonifiés en Europe, jusqu'aux programmes de subvention au développement urbain aux Etats-Unix (voir "A Provile of Government Financial and Grant Aid to Tourism" écrit et publié par Horwath & Horwath International avec l'autorisation de l'Organisation Modiale du Tourisme). Mais, il est clair que les gouvernements peuvent rapidement tirer les fruits de tels investissements. La récupération des investissements publics dans le tourisme, par exemple, peut être obtenue dans une période aussi courte que 30-36 mois (et même 20 à 24 mois si les effets indirects d'impact ou de multiplicateur économiques sont pris en compte). Comme déjà indiqué dans les éditions précédentes de cette publication, de nombreux emplois permanents ont aussi été créés, à faible coût social pour les gouvernements. Aussi précieux que puisse être, pour les gouvernements, le fait d'initier de tels projets, est-ce que cela leur donne droit à récolter une part importante des fruits? Est-ce que l'évidence croissante que le tourisme constitute un secteur continuellement florissant au plan international annonce un contrôle et un interventional réglementaire beaucoup plus importants?

Dans un système de marché, pourquoi une industrie dynamique, grâce à ses compétences opérationnelles et commeciales, ne devrait-elle pas être autoriseée à prospére, à réinvestir, à se développer et à croître sans l'obstacle de contrôles réglementaires et d'une taxation spécifique? Il est admis que certains projets hôteliers et touristiques ont réellement besoin du support de l'Etat pour se développer et décoller, mais de tels investissements sont, en général, aisément récupérés. L'industrie touristique (incluant sa composante hôtelière) est l'un des quelques secteurs industriels internationaux qui est capable, généralement, de gérer avec succès tous les aspects de ses opérations. Nous pressons les gouvernements d'appliquer des politiques libérales aux industries du tourisme et de l'hôtellerie et de permettre aux gestionnaires de ces industries dynamiques de gérer sans interférences excessive. ■

VORWORT

Zur Zeit wird die freie Marktwirtschaft in vielen Teilen der Welt gefördert. Wirtschaftswissenschaftler und Regierungsbeamte sind der Ansicht, dass die freie Marktwirtschaft eines der Mittel ist, um Unausgewogenheiten zu glätten, unnötige Überschüsse zu beseitigen und den Grad der Ineffizienz zu reduzieren.

Kann sich das Beherbergungs- und Touristikgewerbe in einem freien Markt bewegen oder wird es zunehmend zum Ziel von staatlichen Eingriffen sowie von immer neuen Vorschriften und steuerlichen Belastungen?

Bestimmungen bezüglich Übernachtungsmöglichkeiten verhindern oft eine freie Marktwirtschaft im Beherbergungsgewerbe. Im weiteren Zusammenhang mit dem Touristikgewerbe werden Geschäftsleute und Touristen oft durch verschiedene Reglementierungsmechanismen, insbesondere diejenigen bezüglich der Fluggesellschaften, entmutigt, Gebiete der wirtschaftlichen Entwicklung, Attraktionen, Einrichtungen (einschliesslich Hotels) aufzusuchen, welche die zusätzlichen Geschäfte bewältigen könnten und die ihnen willkommen wären.

Die Reglementierung des Beherbergungsgewerbes betrachtet man oft als Verbraucherschutz, da die Buchung von Übernachtungen zu Geschäfts- oder Urlaubszwecken häufig der grösste Einzelkauf ist, den die meisten tätigen, ohne das Produkt vorher gesehen oder getestet zu haben. Es besteht ein offensichtlicher Bedarf an grösstmöglicher Information zusammen mit der Zusicherung, dass bestimmte Standards eingehalten werden. Die Erfahrungen, die sich aus einer schlechten Hotelübernachtung ergeben, können einen Besuch verderben und den Reisenden gegen die Stadt, das Erholungsgebiet oder das Land, in dem er die Enttäuschung erlebt hat, voreingenommen machen. Aus diesem Grunde führen viele Länder gesetzlich die Erfassung und Klassifizierung von Hotels in Verbindung mit Kontrollmassnahmen ein.

Den meisten Leuten des Touristikgewerbes ist die Notwendigkeit von Schutzmassnahmen bewusst, sogar die des doppelten Schutzes, wie man ihn bei vielen Formen der Beförderung findet. Zum Beispiel muss ein Flugzeug flugtüchtig sein und der Pilot und die übrige Besatzung müssen eine Lizenz haben. Einige schlagen daher vor, diese zweifache Kontrolle auf die Hotellerie zu übertragen: Die Räumlichkeiten sollten konzessioniert sein und die Manager sollten einen Befähigungsnachweis für ihre Berufsausübung haben.

Der Tourismus ist eine Wachstumsbranche, eine Tatsache, die bereits in früheren Ausgaben der *Worldwide Lodging Industry* anerkannt wurde. Der Tourismus spielt in der Wirtschaft der USA eine wichtige Rolle. Zum Beispiel betragen hier die Löhne und Gehälter im Tourismus jährlich 41 Milliarden US-$; der Tourismus erbringt 20 Mrd. US-$ an Steuereinnahmen für den Bund, die Staaten und die Gemeinden und er hat 4,5 Millionen Arbeitsplätze geschaffen. Der internationale Umsatz aus Reisen nach Europa belief sich in 1984 auf 57,6 Milliarden US-$. Der Erfolg des Gewerbes steht ausser Frage.

Fragwürdig ist jedoch die Reaktion von vielen Regierungen auf Wachstumsbranchen der Wirtschaft—sie werden zum Freiwild für wachsende Besteuerung, Interventionen und Reglementierungen. Bettensteuern, Flughafensteuern und Autobahngebühren sind Beispiele dafür, wie Regierungen das Touristikgewerbe als mögliche zukünftige Einnahmequelle betrachten. Diese Situation ist vielleicht derjenigen der Erdölindustrie ähnlich, die zunehmend für Regierungen mit der Aussicht auf leichte Einnahmequellen attraktiver wurde. Wird der Tourismus aufgrund seines Wachstums ähnlich betroffen werden?

Wie werden die Vertreter des Beherbergungsgewerbes reagieren, falls der gegenwärtige Erfolg des Gewerbes zu weiterer Reglementierung und Kontrolle führt? Wer wird den Befähigungsnachweis des Hotelmanagements vornehmen? Wie würde ein derartiger Vorschlag die Eigentümer oder Betreiber, welche die Masse des Beherbergungsgewerbes weltweit darstellen, betreffen? Sollten sich nicht die führenden Persönlichkeiten des Gewerbes mehr darüber bewusst werden, dass steigende Gewinne vielleicht zu einer potentiellen Quelle von Einnahmen für Regierungen werden?

Seit seinem Anfangsstadium ist das Beherbergungsgewerbe abhängig von den Marktkräften. Es musste immer auf diese Kräfte reagieren, was es auch zuverlässig getan hat. Wird dies auch in der Zukunft so erlaubt sein? Die Manager des gesamten Gewerbes sollten wachsam sein, um sicherzustellen, dass der anhaltende Erfolg des Gewerbes es nicht zu einer Zielscheibe für zunehmende Reglementierungen werden lässt.

Die Reglementierung des Touristikgewerbes lässt sich unmittelbar in der Praxis erkennen. Zum Beispiel werden durch protektionistische Massnahmen vieler staatlicher Fluggesellschaften die Reisekosten hoch gehalten und verhindern damit eine Ausweitung des Marktes. Die Begrenzung von Flugrouten hat dieselbe Wirkung. Beide Massnahmen führen dazu, dass viele Reisende davon abgehalten werden, ein Ziel aufzusuchen und die vorhandene Hotelkapazität zu nutzen. Die Aufbürdung von Lohnkontrollen und ein hohes Mass an sozialen Abgaben können ebenso verhindern, dass das Beherbergungsgewerbe die für seine Expansion erforderlichen Gewinne erwirtschaftet.

Zusätzlich sind indirekte Auswirkungen festzustellen, die von den Entscheidungsträgern oft nicht berücksichtigt werden, da sie den vielfältigen Charakter des Touristikgewerbes nicht verstehen und nicht erkennen, dass reglementierende Massnahmen bei scheinbar nicht dem Tourismus nahestehenden Wirtschaftszweigen dramatische Konsequenzen für das Touristikgewerbe haben können.

Devisenkontrollen, gleich aus welchen positiven Gründen, die Rückwirkungen auf das Touristikgewerbe haben, und die Beeinflussung der Devisenkurse, ebenfalls aus positiven Gründen, werden oft mit wenig Rücksicht auf die Folgen für Fluggesellschaften und das Beherbergungsgewerbe vorgenommen. Der Gewinn in einem Land führt unvermeidbar zum Verlust in einem anderen Land—ein Schauspiel, das sich oft zwischen Europa und den Vereinigten Staaten abspielt. Tatsächlich beruhen die anhaltenden Kämpfe auf den nordatlantischen Flugrouten nicht nur auf den Massnahmen der Fluggesellschaften, sondern auch auf Wechselkursvorteilen, die den Verkehr auslösen.

Wo hat die Einmischung des Staates in solche Angelegenheiten ihre Grenze und welche Rolle sollten die Regierungen im expandierenden Touristikgewerbe haben? Sollte den Märkten erlaubt sein, eigene Wege zu gehen oder sollte es ein bestimmtes Mass an Kontrollen geben?

Die meisten Länder erzielen erhebliche Vorteile aus einem ausgewogenen Angebot für Touristen, wo das Beherbergungsgewerbe von einer ergänzenden Infrastruktur unterstützt wird—oder umgekehrt. Die Infrastruktur besteht aus den Verkehrseinrichtungen, Sehenswürdigkeiten und allen nicht der Übernachtung dienenden Einrichtungen einschliesslich der Aus- und Weiterbildung. Vieles davon unterliegt schon der Zuständigkeit der öffentlichen Hand, und solche Einrichtungen wie zum Beispiel Strassen, Kanalisation, Wasserversorgung und Ausbildung sind ein wesentlicher Bestandteil des Angebotes für Touristen, die nicht privat finanziert wurden. Folglich würde es viele Aspekte des Tourismus ohne die Unterstützung und das Engagement des Staates nicht geben.

Viele Hotelunternehmer sind sich der Anfälligkeit von Hotelprojekten während der ersten Betriebsjahre bewusst, selbst dann, wenn der Bedarf für neue Einrichtungen nachgewiesen worden ist. Seit vielen Jahren haben Regierungen Mittel bereitgestellt, um solche Projekte während dieser kritischen Phase der Entwicklung zu unterstützen—von zinsbegünstigten Darlehen in Europa bis zu Zuschüssen für die städtebauliche Entwicklung (Urban Development Action Grants) in den Vereinigten Staaten. (Siehe "A Profile of Government Financial and Grant Aid to Tourism," verfasst und veröffentlicht von Horwath & Horwath International mit Genehmigung der Welt-Tourismus-Organisation). Aber es ist offensichtlich, dass Regierungen aus solchen Investitionen schnell Nutzen ziehen können. Der Kapitalrückfluss von

staatlichen Investitionen im Touristikgewerbe kann sich auf nur 30-36 Monate belaufen (sogar 20-24 Monate, wenn die indirekten und Multiplikatoreffekte des Tourismus berücksichtigt werden). Wie bereits in der letztjährigen Ausgabe dieser Publikation erwähnt, werden auch viele Ganztagsstellen für den Staat kostengünstig geschaffen.

Wie wertvoll es auch immer für Regierungen sein mag, solche Projekte zu initiieren, berechtigt es sie auch, einen wesentlichen Teil des Ertrages zu beanspruchen? Könnten die zunehmenden Anzeichen dafür, dass der Tourismus ein anhaltender internationaler Erfolg ist, weitaus grössere staatliche Eingriffe und Kontrollen nach sich ziehen? Warum sollte es einem erfolgreichen Gewerbe, basierend auf dem vorhandenen Fachwissen und Marketinggeschick, in einer freien Marktwirtschaft nicht erlaubt sein, ungehindert von staatlichen Eingriffen, Überwachung und besonderer Besteuerung zu gedeihen, zu reinvestieren, sich zu entwickeln und zu expandieren? Zugegebenermassen benötigen einige Projekte im Bereich der Beherbergung und des Tourismus während der Entwicklungsphase staatliche Hilfe, jedoch werden diese Mittel normalerweise ohne weiteres zurückerstattet. Das Touristikgewerbe (einschliesslich des Sektors der Beherbergung) gilt als eines der wenigen internationalen Gewerbe, das gewöhnlich alle Bereiche seiner Geschäftstätigkeit erfolgreich führen kann.

Wir ersuchen die Regierungen dringend, das Touristik- und Beherbergungsgewerbe in einer freien Marktwirtschaft operieren und die Manager dieses dynamischen Gewerbes ohne unnötige Einmischung handeln zu lassen. ■

PRÓLOGO

En muchas partes del mundo, en la actualidad, se le está dando impulso a una economía de libre empresa. Economistas y oficiales gubernamentales coinciden en que una economía de libre empresa es una forma de corregir desajustes, remover excesos innecesarios y reducir los niveles de ineficiencia.

Se le permitirá a la industria del turismo y la hotelería operar bajo el concepto de la libre empresa?, o están las mismas convirtiendose en objetivos de ingerencia gubernamental con aumento en las regulaciones y las cargas fiscales?

Las regulaciones aplicadas algunas veces impiden la operación de la libre empresa en la industria turística. En un más amplio contexto de la industria turística, algunos mecanismos regulatorios, particularmente aquellos que aplican a las aereolineas, algunas veces reducen el acceso de hombres de negocios y turistas hacia areas de desarrollo comercial, atracciones y hoteles que pudiesen recibir y recibirían gustosamente el volumen adicional.

La regulación de la industria turística se considera con frecuencia como proteccionismo al consumidor, ya que la reservación de una habitación por motivos de turismo o negocio es posiblemente la compra más cuantiosa que hace la mayoría de las personas sin haber visto o probado un producto.

Existe necesidad de amplia información, al igual que seguridad sobre el estandard. El sufrir la experiencia de acomodaciones inadecuadas puede arruinar una visita y crear un perjuicio en el viajero en contra de la ciudad, pais u hotel en el cual ocurrió. Por eso, muchos paises adoptan el registro obligatorio y la clasificación hotelera con procedimientos de inspección.

Muchas personas en la industria turística reconocen la necesidad de mecanismos de protección, incluso la forma de protección doble que se encuentra en algunos métodos de transporte. Por ejemplo, un avión requiere un certificado de inspección para volar y su piloto y tripulación requieren de licencias de vuelo. Algunas personas sugieren que este control doble debería de aplicarse a la hotelería requeriendo una licencia operacional para el hotel y una licencia profesional para los gerentes.

La industria turística es una industria en crecimiento, hecho reconocido en ediciones anteriores del *World Wide Lodging Industry*. La industria juega un papel vital en la economía de EEUU. Por ejemplo, el turismo genera US $41 mil millones en salarios y jornales, genera US $20 mil millones en ingresos tributarios por impuestos federales, estatales y locales y ha creado 4.5 millones de empleos. Los ingresos por concepto de viajes internacionales a Europa alcanzaron los US $57.6 mil millones en 1984. El éxito de la industria es indudable.

Lo que si es cuestionable es la reacción de muchos gobiernos hacia sectores en crecimiento de la economía, éstos se han convertido en objetivo de cargas impositivas, interferencia y regulación.

Por tanto, impuestos a las tarifas habitacionales, impuestos de aereopuerto e impuestos sobre uso de carreteras son ejemplo de como los gobiernos consideran la industria turística, como una posible fuente de ingresos para sí mismos. La situación es similar a la experimentada por la industria de energéticos la cual se volvió cada vez más atractiva para los gobiernos en busca de ingresos fáciles. Será la industria turística afectada en forma similar por razon de su crecimiento? Como reaccionarán los líderes de la industria cuando los resultados obtenidos produzcan regulaciones y controles adicionales? Quién cuestionará el licenciamiento de la gerencia hotelera? Como afectaría lo anterior a los dueños/operadores que constituyen la mayoría de la industria hotelera del mundo? Deberían los líderes de la industria estar más atentos a que el incremento en las utilidades operacionales podría ser una posible fuente de ingresos pra los gobiernos?

La industria hotelera siempre ha estado sujeta a las fuerzas del mercado desde su infancia. Siempre ha tenido que reaccionar ante estas fuerzas y lo a hecho positivamente. Se le permitirá hacer ésto en el futuro? Los gerentes a través de la industria deben de mantenerse en vigilancia para asegurarse que el continuo éxito de la misma no la convierta en un blanco de una regulación incrementada.

La regulación de la industria turística se debe de observar desde ángulos diferentes. Por ejemplo, las políticas proteccionistas de muchas aereolineas estatales mantienen los costos de viaje altos y preveen la expansión del mercado. El proteccionismo de rutas aéreas tiene el mismo resultado. Ambas políticas impiden el movimiento de muchos viajeros de un destino a otro y la utilización de la oferta hotelera. La imposición de control sobre los sueldos y jornales y los altos niveles de tasas impositivas en los beneficios sociales pueden impedir que la industria hotelera genere los beneficios requeridos para su crecimiento.

Existen además efectos indirectos muchos de los cuales no son considerados por los planificadores los cuales no entienden la naturaleza de la industria turística y como las políticas reguladoras, en sectores aparentemente no relacionados, pueden tener consecuencias dramáticas en la industria turística.

El control sobre el cambio de divisas tiene repercusiones en la industria turística y la manipulación de las tarifas cambiarias es llevada a cabo sin considerar su impacto en las líneas aéreas y la industria turística. El beneficio de un pais es inevitablemente la pérdida para otro pais, un escenario que ocurre frecuentemente entre las naciones Europeas y los EEUU. Es más, las continuas batallas en las rutas aéreas del Atlántico Norte no solamente están relacionadas a las políticas de las líneas aéreas sino tambien al trafico generado por las ventajas cambiarias. Adonde debería de parar el envolvimiento gubernamental en dichas actividades y que papel debería de jugar el gobierno en la expansión de la industria turística? Debe de permitirse a los mercados proceder por si mismos o deberían de existir niveles de control?

La mayoría de los países reciben beneficios considerables derivados del producto turístico donde la industria hotelera es apoyada por una infraestructura complementaria o vice versa.

La infraestructura consiste en acceso, atracciones y otras facilidades no hoteleras inclusive de educación y entrenamiento. Mucho de esto por lo tanto yace ya bajo la jurisdicción del sector público, infraestructura como carreteras, drenajes, agua, educación, por ejemplo, son una parte integral del producto turístico que no ha sido financiado por el sector privado. Por lo tanto muchos aspectos del turismo no existirían sin apoyo y participación del sector público.

Muchos inversionistas hoteleros conocen de sobra la vulnerabilidad de los proyectos hoteleros en sus primeros años operacionales, ésto, aun cuando la demanda para nuevos hoteles ha sido propiamente documentada.

A través de los años los gobiernos han provisto fondos para ayudar estos proyectos en la etapa crítica de su desarrollo, desde los préstamos a bajos intereses disponibles en Europa a fondos de ayuda en los EEUU provistos a través de agencias federales. (Véase la publicación *A Profile of Government Financial and Grant Aid to Tourism* escrito y publicado por Horwath & Horwath International con el permiso de la Organización Mundial del Turismo). Pero es evidente que los gobiernos pueden beneficiarse rápidamente de tales inversiones. El retorno a las inversiones gubernamentales en turismo puede ocurrir hasta en un período de 30 a 36 meses (hasta 20-24 meses si se considera el efecto indirecto y el impacto del efecto multiplicador). Tal cual dijimos en la edición anterior de esta publicación, muchos trabajos permanentes se crean con un costo mínimo para los gobiernos.

Sin considerar la importancia de la ayuda gubernamental a estos proyectos, le permite ésto al proveedor de la ayuda a llevarse una parte significativa de los beneficios? Podría la continua evidencia del triunfo del turismo internacional augurar más regulaciones y controles gubernamentales?

Con una economía libre, y una industria triunfadora por su experiencia y tácticas de mercadeo, por qué no permitirle a esa industria el prosperar, reinvestir, desarrollar y expander sin ingerencias de regulaciones y cargos fiscales?

Obviamente, algunos proyectos turísticos y hoteleros requieren ayuda gubernamental en su etapa formativa e inicial, pero estos fondos son usualmente recuperados rápidamente.

La industria turística, inclusive de su componente hotelero, es una de las pocas industrias internacionales que, en términos generales, puede administrar todos los aspectos de su operación.

Urgimos a los gobiernos que apliquen el concepto de la libre empresa a la industria hotelera y turística y que le permitan a los gerentes de esta dinámica industria operar con el mínimo de interferencia. ■

COMMENTS FROM AROUND THE WORLD

AFRICA AND THE MIDDLE EAST

General Comments

In Africa and the Middle East, political unrest and instability, slow recovery from the world economic recession, depressed world oil markets and drought have all contributed to an unfavorable climate for the hotel industry and new hotel development in the region. However, despite this, tourism to Africa is increasing and new hotel development is taking place in countries such as Cameroon, Nigeria, Tunisia and Egypt.

Martin Gerty
Horwath & Horwath (U.K.) Ltd.
London

From Angola

In 1979, the government of the Republic Popular de Angola (RPA) adopted a policy that directly commissioned the tourism authorities to bring the existing hotel facilities in Angola up to international standards. This policy has begun to produce results.

During 1984, the 198-room Hotel Presidente reopened in the capital city of Luanda. The remodeling of the hotel was carried out by Sisal, the Brazilian construction company that is renovating most hotels in Angola. After its opening, this hotel was operated by Sisal Hoteis; however, operations were taken over by the French hotel company Meridien in February 1985. Other hotels in Luanda are undergoing similar renovations to meet international hotel standards.

Starting dates for renovation of the hotels in the country had been postponed until March 1985. As a result of these renovations, the country is now gradually beginning to meet the increased demand from international travelers to Angola, mainly from the commercial sector. In addition, the Department of Tourism of the Ministry of Internal Commerce soon plans to reactivate marketing efforts to the international tourism sector, which has been nonexistent for the last 10 years, and to publicize Angola's natural beauty, particularly its famous animal reserve, considered one of the most complete in Africa.

Salvador Francisco Conti
Jorge Luiz Duarte
Horwath & Horwath
(Brazil) SC Ltda.
Rio de Janeiro

From Botswana

Hotel development in Botswana continues at a modest pace with the recent opening of the 48-room Thapama Lodge Hotel in Francistown and a proposed hotel under consideration at the airport in the capital city of Gaborone. The famous Chobe Lodge Hotel at Chobe Game Reserve was taken over and renovated recently by the Sun International group after lying derelict for some years.

The hotel industry, largely dependent on South African business, has reacted to the current business recession in South Africa with a decline in hotel occupancy levels. This has been compensated for, in part, by an increase in conference demand resulting from the development and promotion of a new conference facility at the Sun International Hotel.

Tourism potential in the northern areas of the country, based on extensive wildlife and nature reserves, is now being given greater recognition by the government, and it is likely that future hotel development in the form of small, exclusive facilities will be concentrated in these areas.

Howard V. Williams
Horwath & Horwath (South
Africa) (Pty) Ltd.
Johannesburg

From Cameroon

The hotel industry has followed the trend of the Cameroon economy as a whole, the performance of which declined in fiscal 1983-1984 and recovered during the first half of fiscal 1984-1985.

For fiscal 1983-1984, several points are worth noting. New hotel construction increased the bed supply approximately 5 percent, and the number of bed nights spent in hotels increased 15 percent. The increase was particularly apparent in the high-category hotels. Despite an increase in the volume of demand, the controlled prices, set in 1982 and not readjusted, resulted in a decline in profitability for the major hotels.

For the year 1984-1985, there has been an overall improvement in hotel performance. There is also activity in the area of new hotel supply. Ibis and Arcade hotels (in Douala) and a Novotel (at Bamenda) are scheduled to open in 1985. There is also continued interest in new deluxe hotel projects in Douala and Yaounde.

Charles Kooh II
Kooh & Mure
Douala

Martin Gerty
Horwath & Horwath (U.K.) Ltd.
London

From the Comores Islands

The Comores Islands is one of the poorest nations in the world, largely dependent on foreign aid. Located in the Indian Ocean between Mozambique and the northern tip of Madagascar, the islands have only one major international hotel company represented—Novotel, which operates a 60-room property in the capital city of Moroni.

Poor access and lack of accommodations have limited tourism to the islands. Air links to countries such as France, Kenya and Saudi Arabia now provide accessibility. However, existing hotel facilities still are inadequate. The government is anxious to provide luxury hotel accommodations throughout the islands. Grande Comore, the largest of the islands, is marked for several new developments as are some of the smaller islands. Upgrading of existing facilities is also planned.

Howard V. Williams
Horwath & Horwath (South
Africa) (Pty) Ltd.
Johannesburg

From Cyprus

Tourists arriving in Cyprus continued to increase during 1984. Arrivals totaled 737,000, an increase of 15.8 percent compared with 1983. Instability in Lebanon had a significant impact on these numbers, with arrivals from Lebanon accounting for 14.1 percent of the total compared with 12.1 percent in 1983. Even excluding the Lebanese factor, the increase in arrivals was almost 12 percent, which is consistent with the targeted average annual growth rate for tourist arrivals established in the 1982 to 1986 National Economic Plan.

There was significant growth from the United Kingdom market, and Sweden continued to account for a substantial part of total arrivals.

External factors affecting tourism are economic developments in the tourist generating countries, unemployment, inflation and the political and social conditions prevailing in some countries. Several objectives have been established to achieve the government's policy goals and make good use of existing potential:

- Improvement and embellishment of the physical environment.
- Enhancement and qualitative improvement of the tourist product.
- Preservation of the competitiveness of Cyprus as a tourist destination.
- Substantial reduction in the rate of construction of new hotel units.
- Preservation of Cypriot hospitality and the high standard of services offered by hotel and catering establishments and other tourism-related businesses.

Demetris Demetriou
Chrysanthou & Christoforou
Nicosia

From Egypt

In 1984, the supply of hotel rooms in Egypt totaled 24,426 in 286 hotels, plus 54 floating hotels (cruise ships) on the Nile. More than half are in Cairo and of four- or five-star standard. Egypt regards tourism as an increasingly important source of revenue, which has not yet been fully maximized.

The government's plans for tourism development are optimistic, and the number of visitors in recent years is growing. Tourists increased from 793,000 in 1975 to 1.25 million in 1980 and, in 1983, reached almost 1.5 million. In the first nine months of 1984, numbers increased by 3.8 percent to 1.18 million compared with the same period in 1983, and it is expected that the annual figure will be in excess of 1.5 million. An increase to 2.5 million tourists is projected by the end of the decade, with tourism becoming the second most important source of revenue.

Many hotels in Cairo have suffered declining occupancy levels as a result of increases in supply over the last 10 years. Hotels in Giza and at the Pyramids seem to have suffered most. Although the number of visitors has increased in recent years, the average length of stay has declined at a higher rate, with a resultant overall decline in tourist bed nights. Demand from Arab countries has not fully recovered since the Arab boycott, and this market has been attracted to other destinations such as Morocco, Turkey and Tunisia.

At present, Egypt earns approximately US$1 billion in tourist revenue annually, although it is estimated that only about 30 percent of this is declared due to black market currency transactions. The introduction of a floating exchange rate may increase the declared figure to around 50 percent. The Ministry of Tourism has decided against any expansion of the five-star sector, at least in the major tourist centers and is trying to encourage the development of tourist villages and lower category hotels.

A major new tourist resort is currently under construction at Hurghada, on the Red Sea. The four-million-square-meter site is to be developed as a leisure and sports resort incorporating the most modern architectural and technological features. Eight hotel sites are included in the plans as well as a new airport.

Youssef Nabih
Youssef Nabih & Co.
Cairo

Edward J. G. Davies
Horwath & Horwath (U.K.) Ltd.
London

From Gambia

The winter tourist season was again strong in 1984-1985, and there is increasing interest in Gambia as a summer tourist destination. Charter flights from England and Germany will be introduced during the 1985 summer season. However, summer demand is particularly price sensitive, and the 1985 summer season could be adversely affected by price increases.

New developments include the proposed introduction of a scheduled Air Afrique flight from Geneva to Gambia via Dakhar, the introduction of direct charter flights from Frankfurt and Vienna, and the increasing tendency of tour operators to combine Gambia with neighboring Senegal. Gambia is now establishing itself as a year-round tourist destination and is expected to consolidate its position by summer 1986.

Martin Gerty
Horwath & Horwath (U.K.) Ltd.
London

From Israel

During 1984, the number of visitors increased 10 percent compared with 1983, bringing the total up to the record high results reported from 1979 to 1981. Once again, Americans and Canadians accounted for much of this increase, while the number of European visitors remained stable. The average occupancy rate declined slightly from 53 percent in 1983 to 52 percent in 1984.

The country's inflation rate—at 10 to 15 percent per month—is still high. This naturally has affected investment in hotel development, and the number of new rooms being built is extremely low. Room supply increased only 5 percent in 1984, and all of these additions were started prior to 1984.

The upward trend in visitors, particularly from North America, is expected to continue in 1985, offering some cause for optimism.

Dan A. Bavly
Horwath, Bavly, Millner & Co.
Tel Aviv

From Kuwait

The demand for hotel accommodations in 1983 and 1984 was negatively affected by several factors. The Souk al-Manakh stock market crisis diminished commercial activity among the business community and caused a general decline in business confidence. This, in turn, affected levels of business traffic to Kuwait. Hostilities between neighboring Iran and Iraq have also contributed to the general decline in commercial activity, particularly through reduced usage of Kuwait as a transshipment port.

The bombing of the American Embassy in late 1983 further diminished business confidence and the perceived stability of Kuwait. Although the direct impact of this was considered temporary, tighter government control of visitor visas to Kuwait was subsequently introduced. This has, to a certain extent, reduced the accessibility of the country as a business destination.

National security is of prime importance, and future visas or other concessions improving the accessibility of Kuwait for business visitors, and thereby benefiting the hotel industry, are believed unlikely.

Deluxe international standard accommodations increased 40 percent between 1981 and 1984. This and little hope for a significant increase in medium-category accommodations demand have caused principal hotel owners to coordinate activities in an attempt to stabilize average room rates and halt a rapidly developing price war.

In 1984, occupancy levels for the major hotels varied by as much as 35 points between the highest and lowest reported results. However, the coordinating efforts of the owners resulted in welcome increases in average room rates.

Plans exist for further increases in the supply of hotel accommodations; however, with the exception of an airport hotel, it seems unlikely that development will progress.

Geoff S. Parkinson
Horwath & Horwath (U.K.) Ltd.
London

From Mauritius

The year 1984 was a record one for Mauritius's tourism industry. Approximately 140,000 people visited the islands, a 14 percent increase compared with the previous year. Based on figures to date for 1985, this trend appears likely to continue; estimates indicate an increase of 10 percent.

The increase in tourism is reflected in healthy room occupancy rates for the majority of the islands' leading hotels, with some achieving annual average room occupancy well in excess of 80 percent. Seasonal fluctuation still remains a problem, although some hotels are marketing group business to fill in weak demand periods.

The Mauritian government is actively seeking to stimulate tourism growth. Work is now underway on the redevelopment of the existing airport, and a range of substantial fiscal and other incentives are available to potential hotel developers. A new air route to Singapore operated by the local carrier, Air Mauritius, was recently opened giving access to the island from the Far East and Australasia.

Hotels currently under construction include a 64-room luxury development at Grande Baie and a 75-room Sun International development with a major conference facility and casino near the capital, Port Louis. Expansion of existing hotels will add 120 upper category rooms to the growing number.

Other sites are earmarked for development, and a number of developers and international hotel operating companies not already represented on the island have expressed an interest in opening new properties. Horwath & Horwath Southern Africa (Pty) Ltd. recently carried out a market and economic feasibility study for a new hotel and casino development to be operated by a major hotel company.

Howard V. Williams
Horwath & Horwath Southern
Africa (Pty) Ltd.
Johannesburg

From South Africa

Travelers to South Africa increased approximately 12 percent from the previous year to 792,400 in 1984. It is estimated that approximately 75 percent were vacation visitors.

An analysis of the origin of visitors to South Africa in recent years shows Zimbabwe to be the single most important national source of overseas tourism; the second most important being the United Kingdom. Other leading markets include West Germany, France, the Netherlands and the United States. The U.S. is showing considerable growth at present as a result of a substantial decline in the value of the South African Rand against the U.S. dollar and widespread promotion in the U.S. by the South African Tourist Board and other major South African tourist organizations.

The continuing impact of the economic recession on business travel and, to a lesser extent, domestic tourism has led to a decline in hotel occupancy levels, despite increased foreign tourism. According to recently published government statistics, the average room occupancy level for all hotels in 1984 was approximately 58 percent, declining from 60 percent in 1983. Upper-category hotels were harder hit in terms of overall occupancy, while lower-category hotels barely maintained occupancy levels achieved during the previous year.

Attention is presently being focused on apparent inequities in government support between higher- and lower-category hotels. As a result, lower-category hotels are declining in numbers and performance. Horwath & Horwath Southern Africa (Pty) Ltd. was recently commissioned to carry out a review of fiscal and other incentives available for hotel improvement and development and to recommend appropriate changes with particular emphasis on lower-category hotels.

Recent additions to the supply of hotel accommodations in 1984 have included the 240-room Pretoria Holiday Inn, the 250-room Cascades Hotel at Sun City in Bophutatswana and the 294-room Braamfontein Hotel in Johannesburg. Scheduled to open shortly are the 350-room Marine Parade Holiday Inn at Durban and several Sun International projects including a hotel at Thaba'nchu, Bophutatswana (a 120-room hotel, casino and recreation facility), a 75-room expansion of the Wild Coast Sun in Transkei, the 100-room, 95-villa Riviera hotel complex on the Vaal River at Vereeniging and the 800-room Southern Sun Johannesburg Hotel.

A number of companies within and outside South Africa have announced proposals to develop middle-category, budget-type hotels in a range of locations throughout the republic. At the forefront is the Protea Hotel and Inns groups, which has grown from four hotels in early 1984 to 26 properties. Kondotel Inns has recently announced plans to develop budget properties in several locations, and both Southern Suns and Holidays Inns (now under the same ownership) have expressed interest in new economy market hotel development.

Major restructuring of the industry continued with the recent merger of Southern Suns and Holiday Inns. The merger involved transfer of ownership of the Holiday Inns group from Safren to Southern Suns (itself a part of S.A. Breweries). Southern Suns and Safren together also represent a major shareholding in the Sun International group.

Despite the current recessionary climate, prospects for the industry are good, and future development will likely be directed toward lower-category hotels. However, development still continues in the luxury hotel market.

Howard V. Williams
Horwath & Horwath Southern
Africa (Pty) Ltd.
Johannesburg

From Swaziland

Swaziland's principal tourist area, Ezulwini Valley, is still facing growing competition from resorts elsewhere in South Africa. However, a major international football tournament and two musical facilities, which attracted substantial numbers of visitors from neighboring countries, contributed to a 24 percent growth in tourism in 1984. A conference facility at the valley's Swazi Spa Resort also is now attracting many events, and the conference market is one source of accommodations demand for which strong indicators for continued future growth exist.

A project currently underway in Manzini was the subject of a feasibility study by Horwath & Horwath Southern Africa (Pty) Ltd. last year and will be operated by the South African based Protea Hotels and Inns group. Work will begin shortly on a project at Rigg's Peak, in a new tourist zone in the north, and will be operated by Sheraton Management Corporation.

Howard V. Williams
Horwath & Horwath Southern Africa (Pty) Ltd.
Johannesburg

From Tunisia

Foreign arrivals to Tunisia increased marginally in 1984, following a 6 percent increase in 1983, but remained well below the record 1981 level. In 1984, recovery occurred in Tunisia's two major markets, France and Germany, although there was a temporary decline in the British market (attributed to civil unrest in January 1984) at a time when many were booking their summer vacations. Tunisia's hotel supply increased in 1984, with a 2 percent rise in bed capacity. Much tourist development is currently taking place, including two integrated tourist complexes managed by Hyatt International together with Club Monastir and Cap Gammarth (near Tunis). Two large-scale real estate, hotel, marina and recreation projects are currently under consideration in the northern part of the country. In the capital, Tunis, there is considerable interest in new hotel development including projects to be managed by Hilton International (their second hotel in the city), Sheraton Management Corporation and the Kuwaiti-Tunisian Abou Nawar chain.

The Ministry of Tourism is continuing to emphasize the need to develop non-accommodation components (leisure and recreational facilities), as well as increasing bed capacity. Serious efforts are also being made to encourage the development of Saharan tourism, and it is expected that this will be accomplished by the completion of a new airport at Tozeur.

Martin Gerty
Horwath & Horwath (U.K.) Ltd.
London

From Turkey

Foreign visitor arrivals to Turkey continued to increase, rising to over 2 million in 1984 compared with 1.6 million in 1983. There was a marked increase in arrivals from Arab countries, particularly during the summer months. However, it should be noted that tourism to Turkey is relatively undeveloped compared with the country's potential.

A tourism development plan, covering the next five years, includes the creation of 35,000 additional bed spaces in tourist accommodations, which represents an increase of more than 50 percent.

There is continued interest from international hotel management companies in Istanbul and Ankara, and new projects have been announced for both cities. New tourist projects on the Mediterranean coast include a newly opened Club Robinson holiday village.

Foreign tour operators are increasing their programs to Turkey, and the Ministry of Culture and Tourism is increasing its promotional programs. However, lack of capacity is frustating the realization of Turkey's tourism potential.

Martin Gerty
Horwath & Horwath (U.K.) Ltd.
London

ASIA AND THE PACIFIC REGION

General Comments

Occupancy levels in most Pacific and Asian countries remained stable in 1984. Those countries that experienced significant increases in hotel rooms during 1984 typically realized slight declines in occupancy levels. Average room rates also declined slightly as hotels resorted to significant rate discounting to counter the oversupply of guest rooms.

Eight major hotels opened in the People's Republic of China during 1984. Hotel development should spur further growth in China's budding tourism industry.

Tourism revenues in the Pacific and Asian markets will show strong growth over the next several years as a result of additional lodging and convention facilities. Individual operators, however, may not fair as well in those markets, faced with extreme increases in the supply of guest rooms.

Clarence H. Peters
Laventhol & Horwath
San Francisco

From Australia

New South Wales: Hotel occupancy rates for 1984 rose 4 percentage points from 1983 levels, with the second quarter leading the recovery. In Sydney, demand increased by over 5 percent with the inner city market stabilizing toward the end of 1984 as increases in room sales began to slow.

The first quarter of 1984 showed a significant increase in sales compared with the same quarter in 1983. Demand in Sydney increased 9 percent during this period of 1984; however, the major gains were experienced during the second quarter. New South Wales occupancy rose 15 percent, and Sydney hotels' stock again traded at 2 percent higher during that quarter.

These increases were not sustained in the latter half of the year when the growth rate of room sales in Sydney and elsewhere in New South Wales was considerably lower than it had been for the first six months. This reduced growth rate was still considerably greater than the rate for the second half of 1983.

Sydney's five-star hotels fared well in 1984 with an average occupancy in excess of 70 percent. The first-class room supply will increase by approximately 17 percent during 1985 with the opening of the 545-room Inter-Continental in September.

During 1984, international visitor arrivals rose 7 percent compared with 1983, with just over one million short-term visits recorded. Significantly, 1984 was the first year in which international visitor arrivals have exceeded one million. Domestic tourism also increased with 5 percent more trips within the state and a 3 percent increase in Sydney—both compared with 1983 figures.

While it appears that recovery will continue for tourism in Sydney and the state generally, operators are looking to 1985 as a year of consolidation of the past year's gains. While the outlook for 1985 through 1988 can be viewed with relative optimism, major developments now being planned will increase Sydney's room supply dramatically—by as much as 80 percent during that period. Accordingly, some concern is arising about the supply in the latter part of the decade.

Anthony K. South
Horwath & Horwath
Sydney

South Australia: Room occupancies for larger properties improved greatly in 1984 compared with 1983 figures. Smaller properties, however, continued to suffer from the tail of the economic downturn and reported low occupancies. In all properties the majority of the market is represented by domestic travelers.

Average room rates have remained constant although tariffs are expected to increase during 1985. The hotel food and beverage business has had mixed results. Larger properties are reporting excellent results, while smaller properties are having difficulty competing with the local restaurant trade.

Projections for 1985 are better, with both occupancy and average room rates expected to increase. The Australian Grand Prix, a round of the World Formula One Motor Racing Championship, will be held in November and has resulted in all hotels being fully booked for the period around the race activities. There is optimism that this worldwide audience event will produce long-term benefit to the state. The proposed casino is expected to be in operation during 1986, and the 400-room Hyatt now under construction will open in 1987.

The devaluation of the Australian dollar is optimistically viewed as an incentive to overseas visitors. In addition, South Australia is being aggressively promoted to the domestic market.

Graham Lunn
Horwath & Horwath
Adelaide

Tasmania: Compared with 1983 levels, occupancy rates have increased 7 percent for the state of Tasmania— Hobart, the state capital, experienced a 14 percent increase in occupancy rates.

The improved economy and Tasmania's aggressive marketing efforts directed at the conference and tourist markets are directly benefiting the lodging industry. The opening of the 1,600-seat convention facility at the Wrest Point Casino complex has played an important role in increasing room night demand.

Average room rates in Hobart increased substantially during 1984—as much as 15.5 percent compared with 1983 figures. So far, 1985 projections for the lodging industry are favorable.

Carl J. Rooke
Horwath & Horwath
Hobart

Northern Territory: Room occupancies in the Northern Territory again improved during 1984 due principally to continued promotion of the Territory as a tourist destination and the opening of new lodging facilities.

Average room rates have increased minimally and are expected to increase further during 1985. Food and beverage results are closely related to occupancy, performing well especially in the function/convention area.

The Yulara resort at Ayers Rock is now fully operational and, so far, is a successful complex with satisfactory levels of both occupancy and average room rate.

Most operators anticipate that 1985 will be a "boom" year with increases in occupancy and rates. The Darwin market will see increased competition after the opening of new hotels with approximately 1,200 rooms. The Alice Springs room supply also will expand with a Sheraton property opening in 1985 and another property being planned. Development in the Kings Canyon and Kakadu National Park regions also are planned for the next two years.

With the apparent success of the Yulara resort and emphasis being placed on new resorts, tourism is becoming an important sector of the state's economy.

Robert H. Harding-Anders
Horwath & Horwath
Alice Springs

Western Australia: The lodging industry in Western Australia appears to be rebounding well from the economic recession. During 1984, Western Australia's first-class lodging facilities achieved an estimated overall average occupancy of 50 percent, an increase of 5 percentage points from the 1983 level.

In Perth, five first-class hotels with a total of more than 1,100 rooms were added to the lodging market in 1984. Another 262 rooms currently under construction will be ready for occupancy during 1985. This increase in supply has spurred healthy competition among first-class hotels, and, as a result, some older properties are undergoing major renovation to maintain their competitive stance with the newer hotels.

Perth's first-class lodging market achieved a year-end occupancy rate of 66 percent for 1984—up significantly from 1983. The average daily room rate for 1984 was $58.62. Due to the significant increase in room supply, no real growth in room rates was achieved. Interest in tourism-related development activity is now high due to the America's Cup defense. In addition, increased development activity is occurring in order to attract the Asia and Pacific region visitor to Western Australia.

In spite of the dramatic supply increase to the Perth lodging market, there is strong interest in further hotel development for the following reasons:

- America's Cup defense in 1987.
- Development potential of the Asian tourist market. Perth's capacity for becoming a major Asia/Pacific region convention and tourist destination has been enhanced by the increase in first-class hotel rooms.
- Lack of full-service resort developments in the state.
- Projected growth of the commercial base of demand.
- Increased awareness of state tourism potential promoted by the West Australian Tourism Commission.

The long-term outlook is for slight increases in area-wide occupancy and inflation-generated increases in average daily room rates. However, because of the room supply increase, there is concern about short-term operating levels and their effects on the lodging market. New and innovative marketing efforts will be necessary to attract new business to Western Australia.

Roger Lutts
Horwath & Horwath
Perth

Queensland: Several interesting developments occurred in the Queensland lodging industry during 1984. Highlights included:

- Opening of the 400-room Sheraton Brisbane Hotel in July.
- Announcement by Hilton Hotels of plans to construct a 300-plus-room hotel in the Brisbane Mall.
- Commencement of construction on the Jupiter Casino to be managed by Conrad International (Hilton Domestic) on Queensland's Gold Coast.
- Announcement that an additional 2,000 hotel rooms will be constructed on the Gold Coast before 1988 in four separate developments.
- Over $100 million of current and planned renovations and new development of tourist facilities on Queensland's Great Barrier Reef.
- Confirmation of a casino (with Sheraton management) to be constructed in Townsville.

Overall occupancy rates exhibited a recovery during 1984 in line with expectations. Larger establishments in Brisbane, however, showed a slight reduction in occupancy rates as a result of the opening of the Sheraton Hotel.

Brian R. Sully
Horwath & Horwath
Brisbane

Victoria: During 1984, Melbourne lodging facilities achieved an average annual occupancy rate of 66 percent in 1983. The moderate increase in occupancy is particularly significant considering the opening of the 239-room Menzies at Rialto.

Room rates increased marginally in early 1984 and again in October. The average room rate achieved in the Melbourne city market increased 5 percent compared with 1983.

First-class room supply is projected to remain constant until early 1986, when 425 rooms will be added.

Kimberley Kohan
Horwath & Horwath
Melbourne

From Hawaii

In 1984, hotel occupancies in the state of Hawaii increased nearly 6 percentage points above 1983 levels. Average daily room rates on a statewide basis soared approximately 10 percent above 1983 levels. The Waikiki market has not experienced the lodging demand growth of other islands. As a result, many Waikiki properties are pursuing aggressive renovation plans. The Waikiki hotel operators have adopted a joint marketing program, promoting Waikiki as "Life's Greatest Beach." Waikiki is still popular among Asian visitors because Oahu remains the only Hawaiian island offering duty-free shopping. Millions of dollars were spent last year promoting the outer islands, and visitations—particularly repeat visits from Japanese tourists—rose again.

Hawaii's tourism promotion budget has traditionally focused on the United States and Japan. The Hawaiian Visitors Bureau is now targeting several Asian markets including Indonesia, Malaysia, Hong Kong, Singapore and Taiwan.

Clarence H. Peters
Laventhol & Horwath
San Francisco

From Hong Kong

Hong Kong attracted more than three million visitors last year, according to the Hong Kong Tourist Association. The average occupancy for all hotels was about 90 percent in 1984. For peak months (October and November), many hotels reported almost 100 percent occupancy. The average room rate increased 10 to 20 percent compared with 1983.

Four hotels are under construction. When completed, they will add 3,340 rooms, bringing the rooms supply to well over 20,000. The Kowloon Hotel, which the Peninsula Group is scheduled to open in December 1985, will have 780 rooms. The Riverside Plaza Hotel at Shatin will have 850 rooms. It is scheduled for completion in March 1986. The other two hotels within the site of an international exhibition center are scheduled to commence construction during summer 1985, with the first facility due to be completed in 1988. These two hotels will have a total of 1,710 rooms. Several new projects are planned.

In January 1985, Kumagai Gumi announced plans to construct a hotel next to the Holiday Inn Harbour View in Tsimshatsui East. Exact details are not yet available. Another project is the proposed conversion into a 700-room hotel of the building on top of the new Macau ferry terminal, which was originally designed for commercial and residential purposes. This project is still subject to government approval. The outlook for tourism during 1985 is encouraging, particularly since Hong Kong is a major port of entry to the People's Republic of China. However, there are doubts about how long this bonanza will last.

Andrew C. S. Lam
Horwath & Horwath
Hong Kong

From India

The rate of growth of tourist traffic to India has been very sluggish in recent years. After healthy growth rates of 14 to 20 percent a year between 1970 and 1978, this rate suddenly plunged to 2.2 percent in 1979, recovered slightly to 4.4 percent in 1980 and fell sharply again to 0.8 percent in 1982. There was a slight recovery in 1983 with growth of 2.6 percent, but 1984 was undoubtedly the worst year with a 3.6 percent decline in tourism, the first decline ever registered since tourist statistics began to be published.

During 1984, 852,503 tourists (excluding those from Pakistan and Bangladesh) visited India. The corresponding figure for 1983 is 884,731. The first half of 1984 saw an increase of 10.4 percent in foreign tourist traffic compared with the disturbances in Northern India. This decline began in July and accelerated after the violence following the assassination of the Prime Minister, Mrs. Indira Gandhi, in October.

According to the policy recently announced by the government, major investments in the hotel business will now be left to the private sector. A large enough infrastructure has been built up over the years by the government-owned India Tourism Development Corporation (ITDC) and the state tourism development corporations. In the future, private sector investment will be encouraged in developing tourism, and public sector investment will be focused only on the development of the support infrastructure.

All ITDC's new projects are three- and two-star hotels because it is felt that the large market for lower-category hotels has remained untapped. This market will play an increasingly important role particularly because Far Eastern countries are becoming increasingly prosperous and also because the air fare from these areas is relatively inexpensive.

Efforts will also be made to promote domestic tourism. A major program to expand hostels is being initiated for this purpose. Promotion of hiking tours in the Himalayas and visits to national parks and wildlife sanctuaries also has been proposed. The southern and eastern parts of the country are likely to receive greater attention, and efforts will be made to introduce water and winter sports. The government will also continue to improve India's cultural attractions because of their potential to draw tourist traffic.

During 1985, tourist arrivals are expected to reach one million. According to one estimate, by 1990 India should be entertaining 2.5 million tourist per year.

The hotels in Delhi, Agra, Jaipur, Udaipur and Srinagar (Kashmir) suffered the most as a result of the turmoil in the country. Hoteliers in Bombay continued to enjoy a good occupancy rate and profit. Bangalore was not much affected. Trouble in Sri Lanka, however, affected tourism in Madras. The region of Goa, known for its beaches on the southwestern coast, is fast developing into an important tourist center.

Recently, the Union Minister of State for Tourism announced in the Parliament that a decision to treat tourism as an export-oriented industry is likely to be taken soon. He also said that the government had liberalized its policies to encourage charter flights. If the political and religious disturbances are brought under control, there is every hope for improvement in tourist traffic.

V. N. Raiji
N. M. Raiji & Co.
Bombay

From Indonesia

Visitor arrivals in the first half of 1983 increased 8.2 percent from the same period last year. This increase is due to a nearly 30 percent increase in Asian visitors and a 13 percent increase among U.S. arrivals. The tourism promotion budget for 1984 included a projected 20 percent rise over 1983. Data for 1984 is not yet available.

Occupancy levels at Jakarta hotels increased slightly from previous levels. This is due in part to strong marketing efforts targeting group and convention business.

Drs. Machdjud Modopuro
Drs. Machdjud Modopuro & Co.
Jakarta

From Japan

Japan experienced a healthy 7.2 percent increase in visitor arrivals and the opening of nine major hotels in 1984. Nearly 15 properties are scheduled to open by the end of 1986 in the Tokyo area alone. Nearly 2,000 rooms were added in Osaka including the 510-room ANA-Sheraton. Some of the hotels that have recently opened or will open soon include the 600-room Miyako, the New Hankyu expansion and the 188-room Hotel Crevette. Both the 610-room New Otani Osaka and the 536-room Osaka Hilton International are expected to be opened by early 1987. Osaka is preparing for increased tourism by developing the New Kansai International Airport and by strengthening its tourism infrastructure—cultural, athletic and commercial.

Teruko Kawakita
TKA Audit Corporation
Tokyo

From Korea

Less restrictive government policy and increased recognition of the tourism industry contributed to slight increases in both visitor counts and hotel occupancy levels. South Korea has become known as one of the great shopping meccas of the Far East. With this reputation, Korea is attracting more high-ticket visitors demanding first-class facilities. As a result, nearly 5,000 hotel rooms are planned for the next several years. The Hyatt Regency Cheju should open its doors later this year. The 417-room Pusan Warwick Hotel is scheduled to open in this southeastern port city by late 1986. Several other hotels now in the planning stages have targeted the Asian and Olympic games in 1986 and 1988, respectively, as possible dates for opening.

Soo Kil Kim
Chong-un Accounting
Corporation
Seoul

From Macau

Occupancy levels in Macau were low last year despite a 5 percent increase in visitor arrivals. The problem lies in a particularly short average length of stay, which dropped from a low 1.9 days in 1982 to 1.4 days in 1983. Traditionally, both tour groups to China and ground operators have represented a significant portion of Macau's tourism business. The growing popularity of China and Hong Kong has resulted in more stopover and fewer destination travelers to Macau, further reducing average lengths of stay. Sealink now offers Hover-ferry service between Hong Kong and Macau. The approximately one-hour trip will cost less than US$10 each way.

Macau's largest exhibition center will open shortly and be operated by a division of the Department of Tourism. Nearly 3,000 hotel rooms are expected to open by year-end 1985, with nearly 2,000 more to follow. The 438-room Mandarin Excelsior, overlooking the South China Sea, is scheduled to open in 1985.

Clarence H. Peters
Laventhol & Horwath
San Francisco

From Malaysia

The Malaysian hotel industry is faced with decreasing average room occupancy and an increasing glut of hotel rooms. In 1984, average room occupancy was between 65 and 70 percent compared with 80 percent in previous years.

Poor industry performance is due to a decrease in tourist arrivals resulting from global recessionary conditions and the high cost of a hotel stay relative to neighboring countries; shortage of direct international flights; hotel overpricing and increasing competition from other holiday resorts in the region.

Hotel rates in Malaysia are the second highest in the Pacific region. This has had a profound effect on tourist arrivals, and, as a result, hotels are facing low room occupancy rates. In accordance with its policy to promote tourism as a leading industry, the government requested that hotels reduce room rates. The call was well-received by leading international hotels, and room rates have been reduced by an average of 10 percent. Certain hotels are now offering greater flexibility in room choice—between standard, superior, deluxe, superior deluxe and grand deluxe rooms.

Two major grievances have been submitted to the relevant government authorities for consideration. They are:

1. Hotels are being charged with commercial electricity tariffs, which are higher than industrial rates.

2. The 10 percent government tax has forced hotels to pass the cost on to guests.

However, despite the downturn currently experienced by the hotel industry in Malaysia, new hotels have appeared and extensions to existing hotels have been made. Eight international hotels opened in 1984 and early 1985. Among them were the Shangri La Hotel (784 rooms), the Pan Pacific Hotel (571 rooms), the KL Oriental Hotel (509 rooms) and Ming Court Hotel (450 rooms). The Merlin chain is also expanding with several hotels scheduled for completion in 1986 and 1987. These include the Merlin Inn Kota Bahru (170 rooms), the Merlin Inn Melaka (260 rooms), the New Merlin Penang (300 rooms) and the Merlin Inn Resort Port Dicksorr (200 rooms). The Holiday Inn group is also building a second hotel in Kuala Lumpur's city center—to be named Holiday Inn City Centre. A total of 35,200 hotel rooms are expected in 1985.

More cooperation among the hotel industry, government bodies and tourism-related industries is necessary. The vice president of the Malaysian Association of Hotels asked government authorities to upgrade tourism to help the hotel industry. In addition, government authorities also have been called upon to: regulate the development of five-star hotels by controlling the granting of licenses; give more encouragement to the building of tourist-class hotels with room rates below $100; offer a tax holiday of seven years to enable capital to be recouped; and provide a center for training executive level personnel for the hotel industry.

Government authorities and tourism bodies already are taking action to increase tourism. The Tourist Development Corporation (TDC) is currently negotiating favorable room rates for its domestic tourism campaign. Government authorities have issued information pamphlets to promote tourism. The TDC is also thinking of developing a one- to five-star system for rating hotels and, along with the Malaysia Association of Hotels, is compiling a directory of local hotels for overseas tourists. The customs department will distribute guide booklets to tourists at all entry points to the country. Finally, a cabinet committee on tourism, chaired by the Deputy Prime Minister, has been set up to coordinate the promotion of tourism in the country.

Raymund Wong Chee Wai
Yusuf, Oh & Siva
Kuala Lumpur

From New Zealand

During the last five years, international visitor arrivals to New Zealand have increased 121,000, and the currency exchange has increased $276 million to the 1984 figure of $400 million. In addition, more than 14 million visits annually are generated by domestic travel, with the value of this tourism currently exceeding $600 million.

In 1984, international visitors to New Zealand increased 6.3 percent compared with 1983. This is being partially attributed to a 20 percent devaluation of the New Zealand dollar. In addition, Australia has experienced extensive demand from the U.S. market, and many of these travelers are making side trips to New Zealand. In general, there is increased interest in the South Pacific region among European and North American travelers.

Occupancy for the country's hotel and motel industry in 1984 was the highest it has been since 1979, rising 6 percent compared with 1983 results despite a 5 percent growth in room supply. Trends accompanying this increase in occupancy were the extension of peak operating periods through traditionally lower trading times and longer average visitor stays.

With the exception of Wellington and Hamilton, each of the eight major tourism/business destinations experienced a growth in hotel occupancy, and most experienced an increase in room supply.

In the North Island, the annual room occupancy for 1984 was 59.4 percent, an increase of 5 percent over 1983 results. Substantial hotel and motel development also occurred, resulting in an increase of 7.7 percent in available room nights.

In Auckland, the largest and fastest growing city in New Zealand, the average hotel occupancy for 1984 was 59.8 percent, nearly 3 percentage points above the 1983 figure. This was accompanied by a 19 percent increase in room supply (390 additional hotel rooms) during 1984.

Wellington, the seat of New Zealand's government, experienced a massive 23 percent growth in room supply. Despite this increase, occupancy only declined slightly.

In Rotorua, a center of Maori culture and a major tourism destination, 96 additional rooms increased the supply by 11 percent. This did not hurt occupancy, which increased 5 percent compared with 1983.

In Taupo, another tourism center, the increase in occupancy was slightly lower, inhibited somewhat by a 9 percent growth in room supply.

In the South Island, farming and, recently, tourism, are the main commercial activities. Christchurch, the largest population center on South Island, experienced a 6.5 percent increase in annual occupancy with the highest occupancy rate of any New Zealand city.

In Mount Cook and Queenstown, which are both tourism centers, the annual occupancy rates increased 10 percent and 19 percent respectively. Room supply in both cities remained the same.

To date, most overseas investment in the tourism industry has been directed toward the construction or upgrading of hotels for specific market segments requiring high standards of accommodations and service. The government through the Department of Trade and Industry, has set a target of 200,000 additional arrivals in five years. If realized, this would require approximately 2.5 million bed nights of commercial accommodations by 1989.

Anthony K. South
Horwath & Horwath
Sydney

From Pakistan

Compared to many countries in South Asia, the number of tourist arrivals to Pakistan has been low. In 1983, tourist arrivals totaled 365,000. The reasons for this relatively low volume of foreign tourism include a perceived image of political instability in the country, the unstable geopolitical climate of the region, a lack of investment in tourist infrastructure and promotion, and the development of a more fundamentalist Islamic society.

Over 40 percent of the tourists visiting Pakistan are Indians, the vast majority of whom are visiting friends and relatives. Even among the non-Indian visitors, a large number are expatriates naturalized overseas, also visiting relatives in Pakistan. As a result, only a small proportion of foreign tourist arrivals use hotel accommodations, and these are dominated by the business traveler. This is also the only domestic market sector that uses hotel accommodations to any significant extent.

Consequently, the upper category hotels rely heavily on the business market.

This, combined with significant increases in the supply of rooms, particularly in Karachi, has resulted in hotels discounting tariffs heavily in attempts to maintain their market share.

Within the industry there is widespread speculation about the future of some of the hotels, changes in ownership of several properties having already occurred. Despite recent attempts by the banks to restructure the finances of several projects, it appears unrealistic to expect that the current debt crisis in the Pakistan hotel industry will be resolved in the near future.

However, hotel owners can take some comfort from the government's sixth Five-Year Plan (covering the period 1983 to 1988) in which the government recognizes the enormous potential of both domestic and foreign tourism. It also identifies the major reasons why relatively few foreign leisure tourists come to Pakistan, and why so few domestic tourists are aware of what the country offers in terms of tourist attractions.

Having identified the various constraints on the growth of tourism, a strategy to remove these constraints has been prepared. This, among other points, includes the further development of the mountainous northern areas for tourism and the establishment of a more effective publicity and promotion campaign. However, it is also recognized that until there is some improvement in the region's political stability it is unlikely that there will be any significant increase in tourist arrivals to Pakistan.

Geoff S. Parkinson
Horwath & Horwath (U.K.) Ltd.
London

From the People's Republic of China

During the early 1980s China relaxed its tourist-oriented investment restrictions resulting in a flurry of lodging development. Over the past two years, joint ventures between developers and government agencies spurred the opening of eight first-class properties representing approximately 8,000 hotel rooms. Five of these properties are located within a one-mile radius in Beijing. The most noteworthy is the 1,007-room Great Wall Hotel acclaimed to be China's most modern and luxurious property. It houses China's first computerized reservation system. Other notable openings include the 2,000-room Lidu Hotel in Beijing and the 1,170-room Garden Hotel in Guangzhou.

The steady increase in business travel to China, plus the opening of these additional hotels, is focusing interest on the potential for adding convention and meeting business to China's growing tourism trade. Last year, China International Travel Service (CITS) formed an International Tourism Division specifically to develop this sector. Beijing, Guangzhou, Nanjing, Shanghai, Tianjin and Hangzhou have been identified as primary convention sites.

Overall, China's lodging industry is booming. If current policies are maintained, the industry will continue to grow and flourish for some time.

Clarence H. Peters
Laventhol & Horwath
San Francisco

From the Philippines

Partially attributable to the current political climate, occupancy levels dropped slightly despite heavy rate discounting by Manila's larger properties. Four Manila hotels caught fire during a four-month period in 1984. The fires at the Regent of Manila, The Ambassador Hotel, the Las Palmas and the Pines Hotel doubtlessly will have an adverse impact on the country's tourism industry. Arrivals to the Philippines have fluctuated since 1980; the official count for 1984 was nearly 817,000, a decline of 5 percent compared with 1983 levels.

Major infrastructure improvements scheduled over the next several years should assist the Philippine tourism industry. Plans include convention facilities in both Zamboanga and Bagvio, several golf courses, public beaches and the second phase of the Fort Ilocandia Resort Hotel in Ilocos Norte.

Clarence H. Peters
Laventhol & Horwath
San Francisco

From Singapore

Singapore hosted 2.9 million visitors in 1984, a growth of 4.8 percent compared with 1983 levels. The supply of guest rooms in Singapore will increase by roughly 50 percent during the next several years. The majority of this growth will be represented by the opening of the largest three hotel complexes in Singapore's history. The Raffles complex will include two Westin properties: the Westin Plaza and the Westin Stamford. The Marina Centre will offer three hotels: the Pan Pacific Singapore, the Marina Mandarin and the Singapore Oriental. The Rahardja Centre will ultimately boast more than 4,500 rooms.

This increase in room supply is planned despite the existing oversupply of guest rooms, which has already resulted in significant rate discounting by Singapore's major hotels. In order to fill these rooms, arrivals to Singapore would have to increase nearly 10 percent annually. Further rate discounting to increase the number of visitors will occur, placing Singapore in a more competitive position with other regional centers.

Leslie K. C. Wong
Lo Hock Ling & Co.
Singapore

From Taiwan

Visitor counts in Taiwan were up nearly 5 percent compared with 1982. As expected, Japan represented the largest single source of visitors—approximately 40 percent. Visitors from the United States accounted for approximately 10 percent of all visitors to Taiwan. Results for 1984 currently are not available.

The recently opened 1,075-room Asiaworld Plaza Hotel represents the largest hotel in Taiwan. The management contract for Asiaworld was awarded to Honolulu-based Hotel Consultants International. Construction has begun on the 250-room Caesar Park Hotel located on the southern part of Taiwan in Kentington National Park. The new 511-room Chiang Kai-Shek opened this year near Taipei's Chiang Kai-Shek International Airport. The $31-million project represents the first hotel in Taiwan to be operated by a government agency.

Kuang-Chien Hsu
Hsu Yang Cheng & Co.
Taiwan

From Thailand

Occupancy levels declined slightly in Bangkok, and the planned addition of more rooms will soon worsen the existing glut of hotels. Recently opened hotels, including the luxurious Peninsula, have experienced lean initial months. By early 1987, the 650-room City Landmark Hotel and a 600-room Mahboonkrong Center Hotel will open in Bangkok. The Mahboonkrong Center will be Bangkok's largest convention center when it is completed in 1986.

Chiang Mai is following a similar pattern to Bangkok; three new hotels are planned to open by the end of 1985. These hotels should add approximately 600 rooms to the existing oversupply of rooms.

Clarences H. Peters
Laventhol & Horwath
San Francisco

EUROPE

General Comments

Last year, most European countries reported an increase in visitors from the United States. During 1984, the U.S. dollar continued to gain strength against many major European currencies, with a resultant further increase in tourist volumes. Of all categories, occupancy levels in London hotels were approaching the records set during 1977, Jubilee Year. Despite the fact that 1984 was an election year in the United States when most American visitors traditionally shorten their overseas trips to ensure their presence at home in October, the high levels of demand continued into early December. In the Republic of Ireland, the number of American visitors was further boosted by President Reagan's visit; in Continental Europe, many countries reported increases of between 5 and 10 percent. Many tour operators have had their allocations reduced as hoteliers realized that the independent high spending American traveler was more profitable than the organized coach tours from other West European countries. There are even stories of hoteliers who have reputedly canceled tour operators' bookings at a day's notice in order to accommodate walk-in, full-rate American guests.

The primary recipients of the boom in U.S. demand are those hotels located in city centers, particularly capital cities and destinations with historical connections. The "sun" resorts do not attract demand from the United States to such an extent, relying more on intraregional demand; it is these destinations that have felt the effects of the stagnant demand from West Germany, the miner's strike in the United Kingdom and a general resurgence of domestic tourism in source countries.

How long this boom in American tourism will continue cannot be accurately predicted, but it is likely that the effects of the strong dollar will be felt for at least the next two years. Although 1984 itself could be said to have been the turning point for European tourism, the prospects for 1985 appear even better. At press time, the summer of 1985 promises full occupancies for many hotels—with overnight accommodations scarce in many capitals—as a result of the "dollar phenomenon" and continuing (albeit slow) economic recovery in most European countries. With the exception of resorts in Spain, which is reporting a major decrease in demand from the United Kingdom, its principal "package" market, most Mediterranean resorts are also reporting increasing demand.

Contracts for accommodation in 1986 are currently being negotiated at prevailing dollar exchange rates, so similar high levels of demand can be expected all through Europe next year. As awareness of the dollar phenomenon is widespread, more national and local tourist boards, as well as hotel groups and independents, are directing the major proportion of their marketing budgets toward the United States. The long-term effects of this increased promotion are likely to last well into 1987, lessening the future impact that any major strengthening of European currencies against the dollar will have. With more locations promoting themselves directly, displacement of demand from the most popular destinations is inevitable.

Spain itself is suffering principally from an increase in package holiday prices of around 20 percent, an increase that—while certainly needed by the tourist industry to protect profits—should have been applied gradually. The result has been that Spain is no longer viewed as the value-for-money designation it was in 1984. In addition, the current rash of bombings and crime against tourists has served to aggravate the decline in bookings.

Hungary is gradually becoming an increasingly significant holiday destination. It is also emerging as a convention destination, and the International Hotel Association intends to hold its 1986 convention there.

There are signs of renewed interest in hotel investment in Portugal due to the more settled political outlook. Its tourist industry continues to prosper, making up for the "lost" post-revolution years. However, much of the available hotel facilities and other tourism infrastructure are in desperate need of refurbishment, and it is hoped that this problem will be quickly addressed so that Portugal can realize all available opportunities.

The upsurge in demand from the United States is, to some extent, obscuring the fact that there are currently only limited increases in intraregional travel. After growth rates of about 2.5 percent were experienced in 1980 and 1981 for scheduled air services, traffic remained at a standstill the following two years. In 1983, scheduled traffic from London was below its 1978 level on the Dublin, Rome and Madrid routes. The level of intra-European fares, which are on average double the U.S. domestic fares, must be at least partially responsible for this situation. The United Kingdom has resumed its attempts to remedy the situation gradually through new bilateral agreements with the Netherlands and Luxemborg. But, on the whole, it seems that the industry has returned to the regulatory situation that prevailed until 1977, when low fare policies were first introduced. The Commission of the European Communities is renewing its attempts to extend the competition articles of the Treaty of Rome to air transport, but progress appears to be slow. European governments, in general, are reluctant to restructure their national carriers along commercial lines, since the inevitable results would be disruptive in the short term, with bankruptcies among the less efficient and resulting job losses. For some, such results are politically unacceptable, but the example of the U.S. domestic deregulation shows that it is possible to achieve efficient commercial operations, increased productivity and even profitability.

Last year we also noted that short holidays remained a growth market throughout much of Western Europe. There is no evidence that this trend is lessening, although some countries are experiencing an adverse effect, which hopefully is temporary. Austria, for example, reports an increase in arrivals in 1984 but a decrease in overnight stays—the sum of two or more short holidays does not equal one longer holiday. The implication for hoteliers is to attract more people for the short holidays many Europeans are now increasingly taking in addition to their other, regular vacations.

Jonathan Bodlender
Horwath & Horwath (U.K.) Ltd.
London

From Austria

Tourism continues to be of primary importance to the Austrian economy, with foreign exchange earnings reaching approximately US$4 billion in 1984, an increase in real terms of about 2 percent compared with 1983, when earnings declined in real terms.

Austria's lodging industry, however, suffered another reduction in overnight stays in 1984, although the decline was less than in 1983. The growing trend among northern European demand-generating countries for more and shorter holidays has resulted in an increase in the number of arrivals, but a decline in the number of room nights. A growing demand for hotel accommodations in the cities, especially Vienna and Salzburg, has meant that provincial destinations are particularly affected by the decrease in overall volume, especially during the summer months. Austria continues to be a highly popular destination for winter sports and, overall, winter tourism has grown steadily from 25 percent of the market in 1970 to 36 percent in 1984.

City tourism is increasing in significance, and this is reflected by the volume of hotel construction underway. Two five-star hotels—the SAS Palais and the Marriott—are scheduled to open in 1985 on adjoining sites in Vienna, and the 350-room, three-star Ibis is expected to open in October 1985. The Hotel Furst Mettermich recently opened in Vienna, and its operating company Autel plans to set up a new hotel chain in the five-star category under the brand name Austrotel, with properties in Innsbruck and Salzburg.

There is considerable interest from a number of other major hotel operating companies in developing first-class and deluxe hotels in Vienna, reflecting both the strategic importance of the city's location between eastern and western Europe and the anticipated increases in tourism to the capital in the future. Although demand from West Germany, the largest demand generator, has declined slightly, this has been more than offset by increases in the number of tourists from the United States, France and Britain. Efforts are being made to boost demand from farther markets, helped by the introduction of direct flights from New York, Singapore and, possibly, Japan.

The pattern of demand for hotel accommodations in Vienna is highly seasonal, with four- and five-star hotels reporting bed occupancies of 70 percent in summer, compared with 40 percent in the winter. The city's tourist board is now devoting all its efforts to promoting the winter months.

Günter Cerha
Auditor Treuhandgesellschaft M.B.H.
Vienna

Trevor Ward
Horwath & Horwath (U.K.) Ltd.
London

From Denmark

The Danish lodging industry reported a 5.7 percent increase in demand from the U.S. market in 1984, compared with 1983, and demand is expected to increase during 1985.

Further hotel development in Copenhagen has been proposed, but because the inner city areas are already overdeveloped, the question of where to build remains a problem. One answer is to spread the flow of tourism to Aalborg and Koege and relieve the pressure on Copenhagen.

For the present, the Danish lodging industry is concentrating its efforts on restoring existing hotels. In 1984, the total number of hotels in Copenhagen declined by four to 133. Total room capacity remained relatively stable, decreasing by 100 rooms.

Strikes resulted in a decrease in the number of visitors from West Germany (down 7.4 percent compared with 1983), traditionally the strongest tourist market. Resort hotels along the coast suffered significantly.

Danish guest nights increased 2.2 percent to 8,646,200, and bed and room occupancy rates increased 1 percent in 1984. In Copenhagen, specifically, room occupancy rose from 65 to 68 percent and bed occupancy from 52 to 55 percent.

Ivan Jasper
Horwath & Horwath (Denmark)
Copenhagen

Marie Schroeder
Horwath & Horwath LTI Sweden AB
Stockholm

From Finland

The average occupancy level of Finnish hotels increased from 53 percent in 1983 to 54 percent by the end of 1984. This minimal increase is due to the relatively high-priced level of the country and the resulting difficulties in attracting foreign visitors. The majority of this increase comes from the domestic market. Of the foreign markets, Sweden generates the largest number of visitors, followed by Germany, the Soviet Union, Norway, the United States and Great Britain.

In the three major cities, Helsinki, Abo and Tammerfors, occupancy levels follow relatively the same pattern, with a maximum increase of 1 percentage point from 1983. In Helsinki, room occupancy for 1984 did not increase from the 72 percent achieved in 1983. Predictably, hotels in the major city areas tend to have occupancy levels 4 to 5 percent higher than hotels in other areas.

The total number of guest nights for all commercial accommodations in Finland showed a growth of 4.4 percent in 1984. The total room supply for the country increased slightly since 1983. The growth between 1982 and 1983 was 5.6 percent, but from 1983 to 1984, this increase was only 3.6 percent, adding 1,217 rooms.

During the last three years, there has been enormous growth in the number of new hotels in the Lapland region: almost 1,000 rooms from 1981 to 1984. This has adversely affected the lodging industry within this area. A considerable number of hotels have been declared bankrupt due to the fact that the demand has not corresponded to the existing capacity. Another important circumstance is that the major operations in this area are not positioned to close down during the off-season.

In Helsinki and Abo, there are extensive plans to establish new hotels as well as to enlarge the existing hotel market within the next two years. In Helsinki alone the increase will mean approximately 330 new rooms during 1985. In the near future, definite plans have been made to establish an SAS International Hotel within the city.

The average rate of profit within the hotel and motel business, was 5 percent for 1984, a small increase compared with recent years.

According to information provided by the major hotels in Finland, conference demand did not decline during 1984; however, this has been expected due to the expansion of the large ferry lines that operate between Sweden and Finland, offering substantial conference facilities. Whether this development will have an impact on conference demand cannot be analyzed until the end of 1986 at the earliest since two, still larger, ships are beginning operations by summer 1985. According to the representatives of the hotels in question, there is a stable amount of demand from the conference market for the next 12 months.

Harry Lindberg
Jägerhorn, Lindberg, Almqvist & Co.
Helsinki

Marie Schroeder
Horwath & Horwath LTI Sweden AB
Stockholm

From France

For France, 1984 was another year of economic austerity characterized by low economic growth, low investment levels and high exchange rates. Economic indicators point to slight improvements in both inflation and interest rates in the future.

Despite the unfavorable economic environment, 1984 was a satisfactory year for the French lodging industry; however, operating performance varied depending on region and type of facility.

The Paris hotel market demonstrated continued strength. Deluxe hotels, in particular, registered strong growth both in occupancy and average room rates. Demand for these facilities rose 5 to 6 percent above 1983 occupancy levels of 75 to 76 percent. This market exhibited the most strength during the summer, which is not typical of demand in previous years.

The increased demand for deluxe hotels is principally due to the sharp increase of American visitors, who are encouraged by the strength of the U.S. dollar. Demand from North America increased an estimated 20 to 25 percent from 1983 to 1984. This factor is further substantiated by a 15.7 percent increase in the number of airline passengers on North American routes compared with 1983, including a 50 percent increase in charter flights.

Four-star hotels in Paris also have attracted a share of this demand, achieving occupancy levels approximately 2 percent greater than the 1983 levels of 73 to 74 percent.

Occupancy remained stable in the lower hotel categories because they did not attract as many visitors from the strongest market sources and because there was a noticeable increase in room supply.

In other regions of France, the lodging industry benefited from the slight economic recovery during 1984, experiencing average occupancy gains of 3 to 4 percent in various hotel categories. Prices remained relatively stable, however, due to a high sensitivity to price and strong competition.

On the Riviera, occupancy increased as a result of the development of major conference centers, including establishments in Nice and Cannes. In Nice, for example, conference demand in international hotel properties increased from 7 percent in 1982 to 12 percent in 1984.

In contrast, hotel properties on French Caribbean islands experienced a substantial 10 to 15 percent decline in total demand due to reduction of visitors from its dominating market: Continental France. The reduction of visitors from this market was not offset by the increase in North American visitors.

During 1984, price controls have been lifted for three-star hotels (and partially for two-star hotels), but not for lower-quality properties. This should allow hotels to adjust their rates according to seasonal demand. Price increases are unlikely to occur at three-star properties due to the strong competition between hotels in this market.

These demand and rate trends should continue throughout 1985 since noticeable economic growth is not anticipated.

Hotel chains still contribute most to growth in room supply. Current hotel development is concentrated mainly in the Riviera—encouraged by the construction of large conference centers—and in large cities such as Lyon, Toulouse, Bordeaux and, to a lesser extent, Marseilles. Several international chains are in search of potential sites in these major cities.

Numerous projects are under consideration for Paris and the surrounding area, the majority of which are economy or three-star properties of national chains or groups.

Various companies have created one-star hotel concepts, which they plan to develop nationwide. Another new concept currently being developed is the apartment-hotel located in the business district of a city.

René Amirkhanian
Horwath & Horwath France
Paris

From Italy

Tourist arrivals and bed nights have declined in 1985. This decline has mostly affected the resorts—especially those along the sea.

The main reason for this decline is probably the increasing competition from hotels in other Mediterranean countries, such as Spain and Greece, which offer rates as much as 50 percent lower than those in Italy. The Italian hotel industry is looking for a way to lower or, at least, maintain its current rates to compete with these destinations.

Hotels in the major cities have not been severely affected by reduced tourism, maintaining their levels of occupancy despite the reduced business demand that has resulted from high transportation costs, particularly for domestic flights.

Most hotels in Italy still operate as small family enterprises. In the last few years, however, there has been a significant increase in small chains, hotels operated by sales groups or other forms of cooperation between hotels.

Maria Sarno
Palandri Horwath s.r.l.
Rome

From Monaco

Deluxe hotel rooms have increased by 1,054 units from 600 rooms in 1972. The trend in total guest nights—decreasing since 1979—started to reverse in 1983 as a result of extensive marketing efforts in the conference and incentive markets.

Despite a highly seasonal feature, average occupancy, traditionally in the 56 to 68 percent range, exceeded 70 percent for the first time in 1983. Occupancy rates also improved in the quieter months of April, May, September and October. Occupancy for deluxe category hotels averaged 69 percent in 1984, the highest level achieved on the Riviera.

Length of stay decreased from 4 days to 3.3 days, reflecting the growing importance of business demand in hotel activity in the principality.

Six hundred and sixty extra rooms are planned in Monaco, 255 of which are being constructed as extensions of existing deluxe units. Part of this additional supply will be located in Fontvieille, a new urban complex built on reclaimed land. A new 5,000-square-meter exhibition hall, including an 1,800-square-meter convention center, is planned in the Larvotto area.

Dominique Gagnard
Horwath & Horwath France
Paris

From the Netherlands

The Dutch economy continued to recover in 1984, rising an estimated 2 percent back to the 1980 level. The competitive position of the Netherlands has improved, due to a strict policy on labor, costs, low inflation and the strong U.S. dollar. A sharp decline in unemployment statistics is due to changes in registration procedures. However, unemployment remains high. A growth in output is likely to be achieved by greater productivity rather than through the creation of new jobs. Reductions in working time—being negotiated between major employer and employee organizations—are expected to have a modest effect on creating jobs.

Overall, 1984 was a good year for the hotel industry. Preliminary statistics show a 5 percent increase in revenue partly due to a 2.8 percent average room rate increase. Luxury hotels in the four main cities had the best performances. Foreign guest nights in the main cities increased half as much as the total guest nights in the Netherlands, which suggests that foreign travelers are also choosing to visit other places.

The efforts made by the Dutch hotel industry and the government to subsidize international conferences on a delegate per day basis seem to be successful, increasing 11 percent from 1983.

Interest in the construction of first-class hotels, especially in the Amsterdam/Schiphol area and nearby North Sea resorts, continues. Four new hotels are under construction in Amsterdam and, by 1987, will add 672 rooms to the existing four- and five-star hotels in that area. In the Schiphol area, an additional 80 rooms in the same classes will be added. In the five-star category, this is an increase of roughly 25 percent. Also, there are serious plans to open a five-star, 250-room hotel in Amsterdam in 1987.

For all the luxury hotels in Amsterdam to achieve a 65 percent occupancy level by 1987, the total volume of tourism would need to increase by at least 20 percent to keep pace with the increase in room supply.

However, expectations for increased volume are not higher than 1 or 2 percent annually, meaning that Amsterdam may well face an oversupply problem by 1987.

We disagree with sources predicting an increase in bed night demand from domestic visitors because of a reduction in working hours. Although people will have more spare time in the future, reduced working hours will have a negative effect on their income.

J. J. A. Lieshout
Horwath & Horwath
L.T.I. Nederland B.V.
Amsterdam

From Norway

The lodging industry's performance improved significantly in 1984. Preliminary figures for the hotel and restaurant industry show a total growth of 9.7 percent in 1984 to 13.3 billion Norwegian crowns.

The figures for guest nights are available only for the winter season, which showed a 4.8 percent increase. A 7 percent increase is estimated for the summer. The average increase in volume for 1984 should therefore be approximately 5 to 6 percent, which must be viewed as encouraging after declines in volume in 1982 and weak growth in 1983.

The increase in price is estimated at approximately 5 percent. This price increase is 1.2 percent lower than the overall 6.2 percent increase in prices throughout the country. Hotels have begun to use pricing as a means to attract guests, and this minimal price increase is one reason for growth in demand.

Because price increases have been 1 to 2 percent lower than increases in cost and because productivity has stayed at the same level, Norway's hotel industry realized smaller increases in revenue than might be expected with this increase in volume.

Although there are no verifying statistics at this time, it appears that tourist facilities have benefited the most in 1984.

During the winter 1984 season, the number of Danish tourists increased 21 percent; however, the number of Swedish tourists continued to decline. Americans and Japanese accounted for the increase in demand in the summer.

Winter 1985 appears to have been positive as are reports of summer bookings. The American market is naturally seen as cause for optimism due to the dollar exchange rate.

Other factors indicate that 1985 will be a favorable year, both for Norway and its lodging industry. Inflation is declining, and Norway's competitive position for tourism has improved. Purchasing power will be maintained by most wage earners. Unemployment figures are among the best in Europe. Wage increases in the lodging industry do not appear higher than the average cost increase in Norway.

Continued positive economic results will depend on how well the industry prices its products in 1985.

Andreas Rødven
Horwath & Horwath Norge A/S
Oslo

From Portugal

A total of 9.811 million people visited Portugal from foreign countries during 1984, a 10.5 percent increase from 1983 and a record high for the country. The increase from 1983 to 1984, however, was not as dramatic as the 21.3 percent increase that occurred from 1982 to 1983.

In a survey of the major lodging markets, representing more than 50,000 visitors, visitors from Spain accounted for 12.2 percent of visitors; United Kingdom, 12.7 percent; West Germany, 3.2 percent; France, 0.4 percent; United States, 12.1 percent; Netherlands, 2.8 percent; Belgium 3.6 percent; Italy 0.6 percent; Sweden, 9.1 percent, and Brazil, 5 percent.

From 1983 to 1984, the number of arrivals by land increased 10.7 percent, while the number of arrivals by air increased 12.8 percent.

The average hotel occupancy rate also did not increase as much from 1983 to 1984 as it had from 1982 to 1983, rising only 3.1 percentage points to 61.8 percent for 1984.

In 1984, occupancy rates rose for higher quality hotels and decreased slightly for hotels with lower ratings, indicating an increased demand for the better facilities. Five-star hotels experienced an increase in occupancy from 57.6 percent in 1983 to 66.4 percent in 1984. Four-star hotels had an increased average occupancy rate of 63 percent compared with 60.6 percent in 1983. Occupancy at three-star hotels also rose—from 60 to 61 percent. Two-star hotels experienced a slight decline in occupancy from 51.2 percent in 1983 to 49.5 percent in 1984. Occupancy at one-star hotels also dropped slightly from 44.8 percent in 1983 to 43.7 percent in 1984.

Occupancy in tourist villages and apartments also increased during 1984 to 41.4 percent, compared with 36.6 percent in 1983.

The Portuguese lodging industry registered income of $722 million for the period from January to September 1984, an increase of 16.6 percent from the same period in 1983. An increase of 8 to 10 percent is projected for 1985.

The favorable performance of recent years and the government policy of offering incentives contributed to new development in 1984. This includes 12 hotels, three tourist apartment buildings, nine inns and 19 pensions.

Humberto Leal
Horwath & Horwath
(Portugal) Turismo, Lda.
Lisbon

From the Republic of Ireland

Irish tourism showed a continuing trend of real growth in 1984. Revenues from overseas markets increased 16.2 percent compared with 1983, representing a real gain (adjusted for inflation) of 7 percent. For the first time, North America has become the largest single revenue generating market, with arrrivals increasing 15.8 percent from 1983. Gross revenue was up 21 percent, an 11 percent increase compared with the preceding year.

Factors contributing to the growth in tourism include the strength of the American dollar, competitive air fares, a strong growth in coach tours and the positive publicity arising from American President Ronald Reagan's visit to Ireland. Britain, the most significant source of tourist revenue (accounting for 37 percent of the total in 1984), showed a 2.3 percent increase in numbers from 1983 and a 3.5 percent increase in revenue after inflation.

The Irish Tourist Board is optimistic that growth will continue in 1985. North America is once again projected to show the largest increase in visitor numbers with an expected increase of 10 percent. Arrivals from Continental Europe are expected to increase 5 percent and those from Britain, 2 to 3 percent.

During 1984, the recession continued and there was an absence of growth in home-based tourism. However, there are encouraging signs for 1985. The exceptional 1984 summer season, together with a decline in numbers traveling abroad on vacation, may give rise to some growth.

An interesting development in 1985 will be the value-added tax (VAT) refund scheme for overseas tourists. Overseas visitors will be able to claim a refund of the VAT element of their purchases by presenting appropriate documentation at their point of departure. This will represent an approximate 20 percent discount on many items and will enhance the competitiveness of Irish retail outlets.

The hotel industry benefited from the general improvement in the tourism sector in 1984. However, the industry continued to voice concern at what it views as unfair competition, particularly from economy properties and other low-cost accommodations. A welcome boost was received during the year when the government recognized the special position of the industry and lowered the VAT rate from 18 percent to 10 percent.

Particularly significant for hotels in 1984 was the growth in North American coach tour business. A strong increase in upscale hotel market visitors from Continental Europe also was noted. The reduction of staff numbers and costs in 1982 and 1983 (costs were cut by 25 percent), especially the reduction in seasonal employment, has left the industry in a healthier state.

The level of business travel, especially convention-based business, continues to grow. Despite the opening of a new first-class property in Dublin in the past year, additional rooms are needed.

The importance of tourism to the Irish economy has long been recognized by the government. The tourism industry currently is the subject of a ministerial review, which may lead to fundamental changes in the structures operating in the industry. The government is directly involved in the hotel industry with its ownership of the Great Southern properties chain. These first-rate properties, located in the western part of the country, are recognized as an important part of the accommodations available to foreign visitors.

Overall, the Irish tourism industry looks forward to 1985 with optimism, particularly with regard to revenue from overseas visitors. If the long awaited retreat of the domestic recession occurs, the industry could well enjoy its best year in some time.

Ronan J. Nolan
Horwath & Horwath
Dublin

From Spain

Following a decrease in foreign arrivals in 1983, 1984 proved to be a record year for Spanish tourism, with over 42.9 million foreign arrivals of which 27.5 million were tourist arrivals (i.e., those who stayed for more than 24 hours). This represents increases of 4 percent and 7 percent, respectively. The United Kingdom market remained as the largest single generator of tourists for Spanish resorts, which recorded an increase of 16.1 percent compared with 1983. Other source markets that experienced singularly large growth rates were the United States, Canada, Japan and Italy.

During the year, a number of Spanish mainland and Balearic resorts suffered from adverse publicity concerning crime against tourists, and this was widely reported in the European press. However, the authorities acted quickly to allay potential vacationers' fears, and no long-term adverse effects are expected.

The growth in the number of tourists resulted in increased hotel occupancies in 1984, except during the shoulder months. The industry blamed this on the general lack of special offers, the effects of labor disputes on disposable earnings in the traditional markets of Britain and West Germany and, to some extent, the use by tourists of unregistered accommodations.

The outlook for the hotel industry in 1985 is uncertain. A combination of factors, including the movement of international exchange rates in late 1984 and early 1985, has led to significant increases in the price of "package" holidays. This has particularly affected the U.K. market, which represents approximately 30 percent of all tourist nights. It is forecast that the U.K. market will decline significantly, but that other markets will compensate for this. Of the other major demand generators only the Benelux countries, which account for just over 7 percent of tourist nights, are showing any signs of market weakness.

International hotel companies are showing new interest in Spain, which despite its well-developed hotel supply, has a relatively low number of units operated by the international chains. Holiday Inns opened a hotel in Madrid, and there is also interest in Barcelona as well as other secondary cities. In addition, the coastal strip from Marbella toward Gibraltar is receiving much attention, and several integrated tourist projects, consisting of a marina, real estate and hotel accommodations have been proposed.

Spain's probable entry into the Common Market is expected to be a positive factor for foreign investment in tourist projects and to help Spain consolidate its position as a major location for the purchase of vacation homes. It is too early to assess the implications of the opening of the frontier with Gibraltar, due to the currently unresolved status of Gibraltar airport.

Fernando Termes Anglés
Horwath & Horwath España S.A.
Barcelona

Edward J.G. Davies
Horwath & Horwath (U.K.) Ltd.
London

From Sweden

The total number of guest nights in Swedish hotels increased 7 percent in 1984. The growth of guest nights for all commercial accommodations was 6 percent or 1.8 million guest nights. Hotels generated almost 950,000 guest nights. This increase was most significant within the three major city areas: Stockholm, Gothenburg and Malmoe.

Among all commercial accommodations, youth hostels—with a low-budget profile—had the most evident increase of 22 percent; however, they still account for a small volume of guest nights. The city hotels had the next highest growth with 8 percent, followed by tourist hotels with 6 percent and motor hotels with a weak 2 percent increase.

Demand from foreign tourists has increased overall. During 1984 there has been a significant recovery of tourists from farther markets, although the Nordic and European markets are still the most important and largest for the Swedish hotel industry.

In greater Stockholm area, there was an 8 percent increase in room demand, but the huge increase in the supply of rooms caused occupancies to drop 1 percent.

During 1984, three new city hotels and several other hotels opened in Stockholm, increasing the supply almost 1,500 rooms. There are no plans for new city hotels in 1985, but the Stockholm area's capacity will increase with the addition of nearly 750 hotel rooms, all outside the downtown area.

Room supply in the next largest city in Sweden, Gothenburg, has followed a similar pattern, although the amount of new rooms differs from that in Stockholm.

According to predictions, there will be less hotel development activity in 1985, but still a tendency toward an increase in room supply throughout Sweden.

Matti Näär
Carina Gustavsson
Horwath & Horwath LTI
Sweden AB
Stockholm

From Switzerland

Last year's edition of this publication expressed optimism for 1984, particularly with regard to the continuing upward trend in overseas tourist arrivals. Preliminary figures have proven this optimism to be warranted. Results for the winter season 1983-1984 were favorable, possibly making 1984 the third best year for Swiss tourism since 1933.

Arrivals from the United States and the United Kingdom increased 21 percent and 4 percent respectively, whereas the number of Continental European visitors declined 2.5 percent. The strength of the Swiss franc compared with other European currencies significantly reduced arrivals from countries that traditionally have accounted for a substantial portion of Swiss tourism. Statistics indicate the following reductions in demand from these countries: the Netherlands (7 percent), Germany (5 percent) and France (4.5 percent).

The positive trend in foreign arrivals continued through spring, resulting in a 2 percent increase from 1983 and just 3 percent below the record high results of 1981. However, this high level of tourism was not maintained for the rest of the year, bringing the total number of guest nights for 1984 to only 74.3 million, which is 1.5 percent lower than for 1983. The summer is mainly responsible for this result since the average room rate was much below average.

Zurich experienced a record high year for tourism. Americans accounted for much of this demand, registering 380,796 guest nights. The association that promotes tourism recently announced its intentions to increase conference demand in 1985. In addition, several projects are planned or under construction by international hotel groups.

A positive development in the Swiss lodging industry is a finding of a recent opinion poll of foreign visitors. Seventy-five percent of the foreign visitors were pleased with their stay in Switzerland. Cleanliness, environment and landscape are still the main reasons people spend their vacations in this country.

Since 1981, the Swiss lodging industry has declined slightly, although the strong U.S. dollar created a heavy demand from the United States. In general, the outlook for 1985 is positive because this trend is predicted to continue well into 1985 and because the Swiss franc has lost some strength against other European currencies. The slow recovery of the economies of most European countries will certainly have an effect on the Swiss lodging industry.

Ruedi F. Fleischmann
Horwath Treuhand & Revisions AG
Zurich

From the United Kingdom

For all sectors of the industry, 1984 was a record year for overseas tourism to the United Kingdom with 13.8 million visitors. This was 9 percent more than results for 1978, the previous record year, and 11 percent more than 1983.

The buoyant North American market, helped by the strength of the dollar, contributed significantly to the overall increase in arrivals—some 3.4 million North Americans visited the U.K. in 1984 (a 19 percent increase compared with 1983). Visitors from Continental Europe increased 7 percent and, from the rest of the world, 12 percent. Further records may be set. The British Tourist Authority is forecasting 14.5 million visitors in 1985.

London is the major tourist center in the United Kingdom. Overseas visitors increased 1 percent during the first nine months of 1984 (compared with the same period in 1983). Pressure to accommodate all visitors to the capital city is again becoming apparent. Tour operators experiencing difficulties can now turn to the

London Visitor and Convention Bureau's new service "London Gap" aimed at notifying handlers of vacancies in the medium to small hotel market. The American Bar Association convention in London in July is likely to exacerbate the shortage of hotel rooms. Horwath & Horwath (U.K.) Ltd. was recently commissioned by the British Tourist Authority and other sponsors to carry out a second study examining future demand for, and supply of, hotel accommodations in London during the 1990s.

With hotel development sites limited, the trend toward conversion and refurbishment continues. Over 25 luxury hotels in London are currently being refurbished with new restaurants, expanded leisure facilities and upgraded bedrooms.

Tourism has also reached record levels in most other areas of the country. The miners' strike depressed demand in some of the traditional northern coastal resorts, but in many cities demand was high. The hotel industry is responding positively to this upsurge in demand, and new hotels are either planned or under construction in Manchester, Birmingham, Harrogate, Liverpool, Swansea, Cardiff and many other regional centers.

Hotel property dealing in London in 1983 continued into 1984 and the early months of 1985, and still shows no signs of abating. The Dorchester Hotel, acquired by Regent International in 1984, was bought by the Sultan of Brunei in February 1985. The 62-room Stafford Hotel was acquired by Trafalgar House, owner of the Ritz in London, in March for a reported £155,000 (sterling) per room.

Hotel acquisitions in the United Kingdom as a whole were at record levels in 1984. Leeds-based Mount Charlotte acquired five of Scotland's Skean Dhu Group (1,041 rooms), and Ladbroke Hotels became Britain's second largest hotel company with over 6,000 rooms after its takeover of Comfort Hotels International at the end of 1984.

So far, 1985 could be the year of the British vacation. Bookings at British resorts and vacation centers are up 25 percent from last year. The effects of the exchange rate between the U.S. dollar and most European currencies, which has contributed to making Britain an attractive destination for overseas visitors, has correspondingly made it more expensive for Britons to vacation in some areas abroad. This factor, combined with an increasing trend to package British vacations, market them aggressively and sell them via retail travel agents, is expected to result in a huge revival in the British domestic vacation.

Jonathan Bodlender
Horwath & Horwath (U.K.) Ltd.
London

From West Germany

The economic recovery that started in the second half of 1983 continued through 1984. Even conflicts within some parts of the manufacturing sector did not prevent the upswing of West Germany's economy. Together with currency exchange rates, which in 1984 proved to be favorable for the hotel industry, total hotel revenues increased almost 6 percent. The loss of guest nights during the last two years was overcome by an increase in foreign tourists in 1984.

Improvement in the industry is due to money saving campaigns that have continued from the time of recession. Accommodation prices, often regarded as a negotiable matter, especially for higher-category establishments, are almost never paid at the published rate. Hotel officials are expressing their concern over this behavior within the industry.

Several European hotel chains in the two- to three-star categories added more units to their already high number. Other expansion took place in higher-class categories with the construction of additional rooms and the purchase of shares in the Penta and Kempinski hotel groups by Lufthansa. Eighty percent of its shares are held by the Federal Republic of Germany. With the new shareholders, the national group (Kempinski) will add international hotels to its network.

Due to a decline in interest rates, plans are underway for the construction of new first-class hotels in many of the larger cities. They would profit from the trend toward traveling more often during the year.

The expectations of the industry for 1985 are to achieve better profits, with an increasing occupancy, due to the improved quality of hotel products and services. If, through worldwide recovery, currencies become more stable, the outlook for West Germany's hotel industry will be positive.

Kurt R. Gelbert
Horwath & Gelbert GMBH
Frankfurt Am Main

LATIN AMERICA AND THE CARIBBEAN

General Comments

Recent events in the Middle East, Europe and Asia have brought about what could be the most significant destination shift in recent times. To the pleasure of Mexican and Caribbean hoteliers and, to a lesser extent, the South American hoteliers this shift could mean a substantial increase in arrivals for the area's tourist destinations.

Mexican and Caribbean hotels, as well as ones on the northern shores of South America, are in the midst of their summer season and well into accepting bookings for their winter season. According to reliable sources, there has been a recent marked increase in such bookings, particularly from security-conscious citizens of the United States.

The Caribbean Basin area—with the exception of Central America—is perceived by citizens of the U.S. as a relatively safe area, and it should be noted that U.S. citizens constitute, in some instances, up to 90 percent of tourist arrivals in certain destinations. This is the time to promote the area as a close, safe and reliable tourist destination where travelers could spend their vacations under the sphere of influence of the U.S. without being exposed to a volatile political situation.

Those countries that move quickly will reap the benefits of this destination shift, which has been provoked, unfortunately, by recent terrorist activities in other parts of the world.

Eliberto J. Gracia
Laventhol & Horwath
Miami

From Argentina

The 1984 election of a democratic form of government after eight years under military dictatorship has had a positive impact on the country's image worldwide. The new government has made economic recovery its top priority. National tourism efforts have been postponed; however, a new officer was recently appointed to head the Department of Tourism.

Hoteliers were somewhat disappointed in occupancy rates considering their recent efforts to negotiate special rates with group tour operators. The average occupancy rates for 1984 ranged from 55 to 60 percent, and room rates declined to between US$44 and US$50.

It is doubtful that these statistics will change significantly as Argentina works toward economic stability—trying to improve a cumulative annual inflation rate for 1984 of more than 70 percent and an external debt equivalent to many years of total exports. Nevertheless, hotels are actively marketing, and everyone is working to reverse this situation.

Jorge A. Pestarino
Canepa, Pestarino, Nazer y Asociados
Buenos Aires

From the Bahamas

Since the Bahamas tourism industry began in the 1950s, tourism has become one of the major industries of this independent nation 750 miles off the Florida coast. Tourism and banking are the two major contributors to the nation's gross national product. In 1984, revenue from tourism accounted for 60 percent of the GNP.

During 1984, 2.4 million tourists—10 times the size of its own population—visited the Bahamas. This amount is 1.6 percent higher than in 1983. It is interesting to note that this figure is also 71 percent higher than the number of visitor arrivals recorded in 1976.

The outlook for the next few years is also favorable. By the end of 1985, tourist arrivals are expected to reach 2.5 million. The chart below shows the approximate 30 percent increase in tourism expenditure realized from 1980 to 1983. According to preliminary statistical reports, the total tourism expenditure for 1984 will be about $825 million, and this figure will exceed $900 million in 1985. Reliable indexes suggest that tourism receipts for 1986 will exceed $1 billion.

Although tourism contributes much to the GNP, the Bahamian government recognizes the potential problems due to the country's lack of a strong agricultural and industrial base. Its dependence on imported goods and services—mainly from the United States—makes it vulnerable to economic fluctuations in North America. For this reason, the government is encouraging independent commercial and industrial investment from domestic and foreign entrepreneurs based on the nation's tax-free status.

Several new lodging facilities have opened recently. In New Providence, the island where the nation's capital city of Nassau is located, the Cable Beach Casino and Resort Hotel, the Royal Bahamian Hotel, the Emerald Beach Hotel and the Ambassador Beach Hotel have opened. Other gaming and resort hotel additions are anticipated on islands such as Grand Bahama and the centrally located Eleuthera. With this new development occurring the Ministry of Tourism has developed a new advertising and promotional campaign with the slogan "You never run out of things to do—until you want to."

Norwood A. Rolle
Norwood A. Rolle & Co.
Nassau

From Brazil

During 1984, the lodging industry in Brazil achieved an occupancy approximately 6 percent higher than that of 1983. The occupancy percentage of the deluxe hotels, either owner-operated or operated by international chains, fluctuated from a low of 62 percent to a high of 75 percent. The average room rate of these hotels remained at approximately US$70, mainly due to the decrease of the cruzeiro's value compared with the American dollar.

The introduction of charter flights from Europe and North America to the northeastern Brazilian states is one of the main reasons for the increased occupancy. Permission to allow charter flights into the country is a result of a policy adopted by EMBRATUR (Empresa Brasileira de Turismo) during the past year.

Hotels operated by international chains benefited most by EMBRATUR'S recent devaluation of Brazil's currency (compared with the dollar), which is changing monthly at a rate of 10 to 12 percent, corresponding to the monthly rate of inflation. As a result of these monthly adjustments in income, the increase was compatible with inflation while costs increased slightly. This resulted in larger profits for many hotel operations. The gross operating profit for international hotel chains is now fluctuating between 30 and 35 percent of gross revenue.

Changes in tourism are expected under the newly elected government of Brazil, in power since March 1985. It is expected that the elected democratic government will improve Brazil's lodging industry, allowing it to achieve even better results.

Salvador Francisco Conti
Jorge Luiz Duarte
Soteconti Auditores
Independentes S/C
São Paulo

From Chile

The Chilean hotel industry is suffering from a combination of low occupancy (less than 25 percent) and a high debt/capital ratio. This situation is due to the effects of the severe 1982-1983 economic crisis. Conditions are expected to improve slightly for 1985.

The accompanying statistics from the Chilean National Tourism Service (next page) provide some insight into the recent status of Chile's lodging industry.

Hernan Macaya
Macaya, Olate y Cia. Ltda.
Santiago

From Colombia

Tourist arrivals to Colombia for the year 1984 totaled 715,277, representing a 30.6 percent reduction from 1983 results. Nevertheless, hotel occupancy increased 4 percent to an average of 67 percent, mainly due to domestic tourism and travel.

The principal reason for the reduction in foreign arrivals is the economic recession that currently exists in the neighboring countries of Venezuela and Ecuador, which constitute the largest tourist markets for Colombia.

Corporacion Nacional Turismo, the

Volume of Tourism Expenditure in the Bahamas

Year	Stopover and Day Visitors (In Millions)	Cruise Visitors (In Millions)	Total (In Millions)	Per Capita
1980	$563.7	$31.8	$595.5	$312.67
1981	608.0	31.1	639.1	362.44
1982	615.2	39.2	654.5	336.03
1983	721.1	49.1	770.2	347.67

Chile
Tourist Demand and Revenue

Year	Domestic Tourism (In Thousands)	Foreign Tourism (In Thousands)	Total Revenue (In Millions of US Dollars)
1980-1981	2.712	493	227.4
1981-1982	2.373	405	196.7
1982-1983	2.120	264	119.3
1983-1984	2.449	275	90.6
1984-1985*	2.310	353	103.8

*Estimated.

Available Rooms and Occupancy Rates

Year	Number of Hotels	Beds (In Thousands)	Percent of Occupancy
1980	576	34.4	32.0
1981	685	38.5	28.0
1982	753	40.3	20.3
1983	889	42.2	21.3
1984	850	41.0	24.0

Private Investment in the Lodging Industry

Year	Number of Hotels	Amount Invested (In Millions of Chilean Pesos)
1981	70	10.362
1982	63	916.000
1983	40	742.000
1984	20	131.000

government's tourism office, has instituted promotional campaigns to reverse the negative trends.

Anselmo González Labrada
Anselmo González Labrada y
Asociados Ltda.
Bogotá

From Costa Rica

The Costa Rican hotel industry is still suffering from the effects of being associated with the political problems in the Central American area. Occupancy in the major hotels during 1984 ranged from the 55 to 60 percent.

Two significant occurrences will happen prior to the end of 1985. These are the expected September opening of the 220-room Holiday Inn in downtown San José and the recent purchase of the former Playboy Hotel—now called the Coribici—by the owners and operators of the Hotel Cariari, who plan to refurbish this property and change its image.

In addition, at press time, the Costa Rican legislature is on its final reading of the recently submitted Tourism Incentive Law. Although patterned after a law in the Dominican Republic, it omits one of the principal aspects of this law, namely, the creation of a Department of Tourism Infrastructure Development as a branch of the Central Bank.

Notwithstanding further political deterioration in the area, the years ahead could mark the beginning of a turnaround for tourism in Costa Rica.

Ramón Madrigal L.
Madrigal Leon & Asocidos
San José

From the Dominican Republic

The country's hotel industry continues to grow. The 674,676 tourist arrivals for 1984 represented an approximate 11 percent increase compared with 1983. This figure also represents 9 percent of 1984's total number of tourist arrivals to the Caribbean.

For three consecutive years the tourism industry has been the largest producer of hard currency for the Dominican Republic, followed by the sugar cane and gold industries. The US$388 million that tourism contributed to the economy in 1984 accounted for 44 percent of the total exportation of the country.

The supply of hotel rooms continues to increase with new developments in Puerto Plata and Playa Dorada. Projects scheduled to open in 1985 include the 400-room Eurotel, the 216-room Costatlantica and the 220-room Village Caraibe. Other projects on the eastern coast include the 400-room Playa Bavaro, which opened recently, and the Casa de Campo resort, which will add approximately 200 new rooms to the existing supply.

Two factors contributing to the continued success of the country's tourism industry are the government's continued support and plans by Air France, American Airlines and Eastern to increase the capacity of their flights to the Dominican Republic, mainly to support demand from North America.

Sotero A. Peralta
Sotero Peralta y Asociados
Santo Domingo

From Mexico

During 1984 the lodging industry in Mexico suffered a slight decline in comparison with 1983. Resort centers, such as Acapulco, Cancun, Puerto Vallarta and Mazatlan were affected most, with the average occupancy achieved by these centers during 1984 dropping from the 1983 level of 80 percent to 70 percent.

International tourism arrivals also declined to approximately 4.6 million, which is 100,000 lower than the number for 1983. Several factors contributed to these declines in occupancy and arrivals:

- A considerable rise in hotel room rates.
- A reduction in tourism advertising campaigns promoting Mexico to foreign countries.
- Increased travel by U.S citizens to Europe as a result of a favorable exchange rate.
- Increased transportation costs to Mexico.

Domestic travel also has been strongly impacted by the country's inflation rate; however, there were 22 million domestic tourists during 1984.

Representatives of the lodging industry forecast an increase in foreign travelers during 1985 due to the continued devaluation of the peso and the opening of new resort areas.

Germán Maldonado
Maldonado, Duplan, Colina y
Asociados, S.C.
Mexico City

From Panama

The average hotel occupancy for first-class hotels in Panama during 1984 was approximately 60 percent, which represents a very minor improvement compared with 1983. The average length of stay was at least three days. The only new property in the area is a 65-room tourist hotel, which opened to the public in early 1985. No improvement is expected for 1985, since the tourism industry continues to be affected by internal economic and political problems in addition to the well-known problems occurring in Central America.

Hermes P. Espino D.
Audiconta, S.A.
Panama

From Venezuela

Preliminary estimates for Venezuela's lodging industry performance during 1984 show an average yearly occupancy of 65 to 67 percent compared with the 70 percent nationwide average occupancy in 1983. This is the result of a slight decline in demand for hotel rooms coupled with an increase of available supply in 1984. The average rate per occupied room in 1984 is estimated to have increased more than 15 percent compared with 1983. Even so, as a result of Venezuela's devalued currency, rates in the nation's lodging industry continue to be considerably lower than competing Caribbean destinations.

Promotional efforts conducted after the February 1983 exchange controls and de facto devaluation of the local currency are producing results, since resort-oriented properties expect an excellent winter season, particularly from American and Canadian markets. This increase in demand should be reflected in occupancy rates for the first four months of 1985 and, to a lesser degree, the last month and a half of 1984. As a result, we project that the average occupancy for 1985 will be equal to, or slightly above, our preliminary estimates for 1984.

Gabor Horvath Jr.
Seif Valeri Acosta
Caracas

HORWATH & HORWATH INTERNATIONAL

NORTH AMERICA

From Canada

For most segments of the lodging industry in Canada, 1984 was a year of strong recovery. The rebound in accommodations demand that became evident in the last half of 1983 continued, and room rates began to move upward in response to healthier market conditions.

Halifax recorded the highest citywide occupancy in Canada, followed by Toronto and Vancouver. However, with most of the country reporting average occupancy levels below 70 percent in 1984, there is still considerable room for improvement.

The outlook for 1985 is reasonably optimistic, although it is becoming increasingly difficult to forecast more than six months in advance. However, the fourth quarter of 1984 showed solid improvement over 1983 results for most parts of the country, and this strong performance is expected to carry through the first quarter of 1985.

Interest rates have been declining steadily for the first half of 1985. This trend has coincided with an upturn in both business and discretionary travel. Surprisingly, the continuing strength of the U.S. dollar against Canadian and European currencies could negatively affect American travel to Canada this summer. Although everyone hoped that the strong U.S. dollar would bring many American tourists to Canada in 1984, U.S. arrivals remained static as Americans snapped up inexpensive European vacations. If the U.S. dollar continued to hold strong against European currencies, Canada could face a disappointing tourist season.

Convention centers opened in Charlottetown, Halifax, Toronto and Saint John during 1984. The market for provincial, regional, national and international conventions probably will be in a state of disruption for the balance of this decade as Canadian convention facilities find their niche in this important market.

The economy lodging industry remains the sector to watch in 1985 as new companies enter this rapidly expanding market. The more active companies are all expected to continue their aggressive expansion programs, and a number of newcomers will open their first properties in 1985. Additionally, one or more of the major U.S. chains will likely develop further inroads into the Canadians market.

Most economic indicators for the next six months remain favorable, although there is still some concern that the economic recovery is fragile and that events in the U.S. may place additional negative pressures on the recovery. However, these concerns have been with us for some time and the problems have yet to materialize. With interest rates, inflation and other leading indicators moderating, we are confident that 1985 will be another year of solid improvement for the Canadian lodging industry.

John Burt
Toronto
Canada

From the United States

The United States lodging industry had an overall better year in 1984 than in 1983. Room occupancies were up 12 percent for the year, room rates rose 7.1 percent and total sales were up 8.4 percent. Judging from these performance measurements, 1984 was the best year for the industry since 1979. Unfortunately, the occupancy gains and increases in total sales occurred mainly in the first half of 1984. Beginning in the second half of 1984, occupancies leveled off, and the rate of increase in total sales dropped markedly.

The 1984 national occupancy rate was 65.9 percent, a 1.2 percent increase from the 1983 level of 65.1 percent. This is the second consecutive annual increase in occupancy. Regional sectors indicated sharp differences in occupancy, while increases in room rates were more universal. The Southeast indicated a decrease of 2.8 percent in occupancy, while the South Central region showed an increase of 1.2 percent. The northern regions performed better during 1984, with the Northeast region showing a 2.3 percent rise in occupancy, and the North Central region increasing 4.6 percent.

Results for the first quarter of 1985, for selected segments of the U.S. lodging industry, are presented in the table that accompanies these comments. The only regional segment showing an increasing occupancy rate is the Southeast, while North Central experienced no growth and the remaining regions have declined.

Larger properties have performed better than smaller properties. Properties with more than 300 rooms recorded slight occupancy increases and significant increases in total sales. Properties with less than 300 rooms reported decreasing occupancies and smaller increases in total sales than larger properties.

The basic outlook for the U.S. economy in 1985 is for continued expansion, but at a slower rate than the previous two years of rather high growth. Inflation should also grow at a moderate rate. Looking at trend data for the first quarter and at the economic outlook, we predict that occupancies will not increase for the rest of 1985, while room rates and total sales will rise moderately.

Saul F. Leonard
Laventhol & Horwath
Los Angeles

United States:
Year to Date Trend Report (As of March 1985)

	Sales Percent Change				Occupancy Percent		Double Occupancy Percent		Room Sales Per Occupied Room		Total Sales Per Occupied Room	
	Total	Rooms	F&B	Other	MAR	% Chg	MAR	% Chg	MAR	% Chg	MAR	% Chg
Total	3.6	4.7	1.2	3.4	63.0	-1.3	47.4	-0.2	$59.88	6.3	$ 92.00	5.1
Region:												
Northeast	4.3	6.3	-1.1	8.7	62.4	-1.9	33.8	-1.2	$82.89	8.9	$124.86	6.8
Southeast	4.0	3.9	4.8	2.2	71.9	0.6	74.6	-1.3	66.11	4.1	103.24	4.2
North Central	4.1	6.1	1.4	-1.2	56.6	—	35.4	-4.6	45.42	6.6	72.61	4.6
South Central	0.1	0.9	-2.7	4.9	57.4	-3.9	36.1	3.7	52.54	5.7	78.51	4.8
West	5.6	7.3	2.5	2.4	68.6	-0.1	46.1	2.4	57.63	7.0	88.27	5.3
Affiliation:												
Chain	3.5	4.6	1.1	2.3	63.2	-1.6	44.2	0.2	$58.86	6.7	$ 89.14	5.5
Independent	4.0	4.9	1.7	7.3	62.6	1.3	60.3	-1.5	64.56	4.3	105.24	3.4
Location:												
Center City	4.7	6.4	1.1	4.0	59.5	0.5	37.7	1.1	$71.40	7.0	$111.15	5.2
Suburban	2.5	3.6	0.3	1.8	60.4	-3.2	35.8	0.8	50.41	6.8	76.98	5.7
Airport	6.5	8.3	1.4	13.3	69.5	0.4	28.2	-6.3	54.70	7.1	81.60	5.2
Highway	0.4	0.5	0.2	-1.1	62.9	-3.8	52.4	4.8	41.62	4.5	56.57	4.4
Resort	2.9	3.3	2.3	1.5	69.7	0.1	89.5	-2.1	77.35	3.9	128.59	3.4
Size:												
Under 150 Rooms	2.1	2.7	0.4	-1.7	61.5	-1.9	50.0	-3.1	$39.60	5.2	$ 52.72	4.6
150-299 Rooms	1.7	2.7	-0.4	0.5	63.2	-2.5	44.1	1.8	51.82	5.6	77.72	4.6
300-600 Rooms	4.7	6.1	2.0	4.9	61.5	0.3	43.7	3.6	64.97	5.2	104.40	3.8
Over 600 Rooms	5.0	6.4	2.2	5.2	66.3	0.3	53.3	-2.9	87.80	7.5	140.90	6.1
Type:												
Hotel	4.2	5.7	1.6	3.3	63.3	0.2	44.2	-1.8	$71.08	6.4	$116.44	4.9
Motor Hotel	2.1	2.8	-0.1	4.2	63.4	-3.1	48.7	1.7	47.29	5.6	64.64	5.0
Economy	1.3	1.7	-8.7	-3.5	53.1	-2.0	60.7	0.5	29.48	4.2	30.71	3.9
All Suites	0.4	0.1	-3.9	11.3	71.9	0.3	124.3	14.5	62.06	0.3	68.02	0.6

THE WORLDWIDE LODGING INDUSTRY

by Mark V. Lomanno and William R. Evans
Research and Development Division
Laventhol & Horwath

Introduction

In December 1984, Horwath & Horwath International (HHI) distributed over 3,000 questionnaires to hotels around the world. More than 800 of these were completed and processed by the Research & Development Division of Laventhol & Horwath, the HHI member firm in the United States. After careful review for reasonableness and accuracy, 731 questionnaires were selected for use in compiling data for this report. This is by far our largest sample ever. We would like to thank all the HHI member firms and concerned lodging operators around the world without whose efforts this report would not be possible.

This 15th edition of *Worldwide Lodging Industry* conforms closely to the format first used in the 1982 edition of this publication. The data is presented in five regions, each covering a different region of the free world. Table 1 illustrates the various sections and the respective geographic areas they cover.

This study presents information covering 12 subregions as well as the five major regions. As in past reports, we have modified some of the regional analysis to reflect the sample of participants more accurately. In Region II, Asia and Australasia, we have combined the Far East and Pacific Basin areas into one subregion. In addition, for the first time we present information for Australia. In Region V, Latin America, participation from hoteliers was insufficient to allow separate analysis of any of the proposed subregions. If the data permits, we will again expand the subregional breakdowns in future years to provide contributors with comprehensive information that more closely reflects the operating characteristics of hotels in their respective areas.

As in previous editions of this report, medians are shown for most amounts and ratios, while the arithmetic means are used in selected schedules. The terminology and account titles used are based on the seventh revised edition of the *Uniform System of Accounts for Hotels*. An explanation of the terms and bases used is given in Appendix I on page 102.

All amounts in this report are in 1984 U.S. dollars converted at the year-end exchange rate, which was obtained from the International Monetary Fund. A list of the countries with hotels that contributed to this study, along with the currency conversion factors used, is provided in an appendix at the end of each regional report. These appendices can be used by the reader to identify the subregional country affiliations as well as to convert the reported amounts and ratios into the appropriate currencies. To make this comparison easier for the analyst, each appendix shows the percent change in currency values from 1983 to 1984.

The reader is cautioned that fluctuations in currency values can have a significant impact on the U.S. dollar values presented in this report. The unparalleled rise of the U.S. dollar against most major currencies in 1984 should be considered when analyzing the amounts in this report or comparing them to the amounts presented in previous editions. To help the reader better comprehend the impact of the rise of the dollar, Appendix II on page 104 presents an analysis of currency fluctuation values.

Dollar amounts are shown per available room to eliminate differences due to the size of the hotels. Ratios to total sales and to room sales are used wherever appropriate. Except where noted, all amounts and ratios are medians and do not necessarily add to the totals shown. Each line item

Table 1

Section	Region and Subregions
I	Africa and the Middle East (Region I) Northern Africa Southern Africa Middle East
II	Asia and Australasia (Region II) Asia Far East/Pacific Basin Australia
III	North America (Region III) Canada United States Caribbean
IV	Europe (Region IV) Continental Europe Scandinavia United Kingdom
V	Latin America (Region V)

has been analyzed separately, and the medians are based on the information submitted for that line item only, since all hotels did not report for each line. Comparisons can be made line by line with the information in the reader's report. The amounts and ratios should not be considered standards for any type of property or any country or region; they should be used only as guidelines for comparison with the operating results of a specific property. HHI does not attempt to set or conform prices or operating ratios for the industry.

Profile of contributors

The age, size and other characteristics of the typical contributor to this study, as determined by various measures of central tendency such as the mean, median and mode, are shown in Exhibit 1. Overall, the contributors represent a broad cross section of the industry, but as shown in the exhibit, the typical contributor is particularly representative of the major segments of the industry.

The highlights of the analysis of operating results are presented in Exhibit 2. While some of the industry's key performance measures declined in 1984, these declines were probably more the result of currency fluctuations than poor performance. Room occupancy increased 3.7 percent for the year to 67 percent compared with 64.6 percent in 1983. While total revenue and the average daily rate per occupied room both fell during the year; however, converted to U.S. dollars, these measures of performance probably would reflect an increase on an individual hotel basis when viewed in terms of the local currency. Ratios of income to total sales increased 10.5 percent on a per room basis. This increase, along with the surge of worldwide occupancies, indicated that 1984 was a strong year for lodging operators worldwide.

The source and distribution of the 1984 worldwide lodging industry dollar compared with the previous year are shown in Chart 1. To accurately reflect the impact stemming from the different size properties, the dollar is based on weighted means. As the chart illustrates, the portion of revenues generated by each of the sources remained relatively stable in 1984, with only slight increases in room sales and beverage sales.

On the expenditure side, major increases in revenue outlays were only reported in departmental expenses and management fees. Helping to offset these increases were sharp declines in rent, depreciation and amortization. Bottom-line performance was only slightly below 1983 levels, as net income before income taxes was 8.3 percent in 1984, compared with 8.6 percent the previous year.

Exhibit 1
Highlights

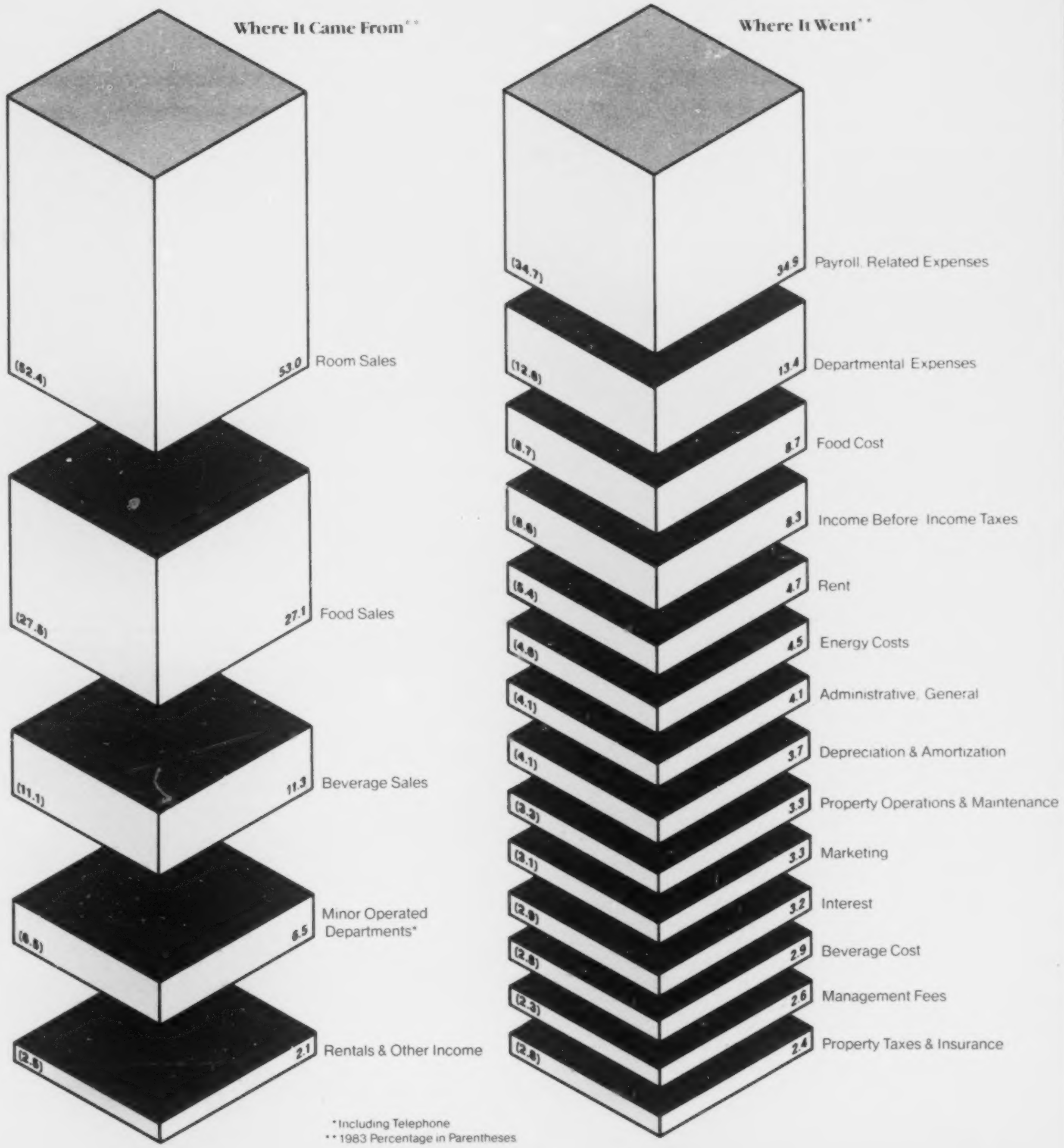
- Total revenue decreased 6.0 percent on a per room basis.
- Room occupancy increased 3.7 percent to 67.0 percent compared with 64.6 percent in 1983.
- The average daily rate per occupied room was $44.41 compared with $49.73 in 1983, a decrease of 10.7 percent.
- Payroll and related expenses per room decreased 9.0 percent.
- Income before income taxes increased 11.7 percent on a per basis, as sales declined 6.0 percent.

Exhibit 2
General Profile of Typical Contributor Based on Various Measures of Central Tendency

Age	Built between 1970 and 1980
Size	150-299 rooms
Occupancy	60%-69%
Average Rate	$40-$54.99
Restaurant Operation	Operates a restaurant in which the volume of food and beverage sales is between 50% and 85% of room sales
Other	
Location	Urban
Market	Other than tourist
Management	Chain affiliated; reported net income before income tax in 1984

Chart 1

International Hotels
Percentage Distribution of Revenue and Expenses



*Including Telephone
**1983 Percentage in Parentheses

Market data

For the second consecutive year, the percentage of guests from domestic sources exceeded that from foreign guests. Prior to 1983, this report had always shown that travelers from other countries had been more of a factor in hotels than people who lived in that country. This subtle change reflects the increasing ability of hoteliers to attract domestic travelers. This shift in marketing emphasis comes at a time when many economies are rebounding and the average consumer has more money to spend. Also shown in Exhibit 3, which presents a detailed analysis of market data, are percentage of repeat business, composition of market and composition of advance reservations.

Exhibit 3
Market Data*
Five-Year Trend—All Hotels

	1984	1983	1982	1981	1980
Source of Business					
Domestic	51.2%	51.3%	42.2%	47.1%	46.1%
Foreign	48.8	48.7	57.8	52.9	53.9
Percentage of Repeat Business	38.4%	40.3%	39.1%	37.8%	40.0%
Composition of Market					
Government Officials	5.3%	6.2%	5.5%	6.8%	6.1%
Businessmen	42.7	42.1	41.5	44.6	40.5
Tourists	26.4	27.0	30.0	24.2	30.9
Conference Participants	13.4	13.2	13.7	13.5	12.8
Other	12.2	11.2	9.2	10.9	9.6
Percentage of Advance Reservations	83.4%	84.1%	81.4%	83.4%	79.3%
Composition of Advance Reservations					
Direct	38.4%	39.6%	36.0%	35.5%	35.8%
Reservation Systems	30.0	28.9	31.6	26.5	27.4
Travel Agents & Tour Operators	27.0	27.2	27.8	26.8	27.7
Other	4.6	4.3	6.4	11.2	9.6
Ratio of Travel Agent Commissions to Room Sales	1.2%	1.3%	1.2%	1.0%	1.8%

*Arithmetic mean.

The source and composition of the market for the five regions are presented in Exhibit 4. An analysis of this exhibit reveals little change in either source or composition of market from 1983. What little change there was reflects slight increases in domestic and business travel, and this is a good indicator of the overall health of the industry in 1984. The only surprise was in North America, where tourists represented the highest percentage of guests staying at hotels. Viewed

Exhibit 4
Market Data*
All Hotels

	All Hotels	Africa and the Middle East	Asia and Australasia	North America	Europe	Latin America
Source of Business						
Domestic	51.2%	38.8%	46.3%	75.1%	44.7%	57.0%
Foreign	48.8	61.2	53.7	24.9	55.3	43.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage of Repeat Business	38.4%	40.7%	37.7%	41.9%	35.6%	36.0%
Composition of Market						
Government Officials	5.3%	8.5%	3.5%	7.3%	3.2%	7.1%
Businessmen	42.7	49.0	43.8	30.9	47.5	52.1
Tourists	26.4	17.1	28.7	31.8	25.2	22.7
Conference Participants	13.4	4.9	7.0	22.3	14.6	9.8
Other	12.2	20.5	17.0	7.7	9.5	8.3
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage of Advance Reservations	83.4%	70.4%	85.0%	83.3%	88.6%	80.7%
Compositions of Advance Reservations						
Direct	38.4%	42.6%	32.6%	37.3%	40.4%	43.4%
Reservation Systems	30.0	31.2	30.1	36.2	24.2	33.2
Travel Agents & Tour Operators	27.0	21.2	31.5	24.9	29.4	20.8
Other	4.6	5.0	5.8	1.6	6.0	2.6
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Ratio of Travel Agent Commissions to Room Sales	1.2%	0.7%	1.2%	1.5%	1.5%	1.0%

*Arithmetic mean.

Exhibit 5
Nationality of Guests—1984*
All Hotels

	Rank		All Hotels	Africa and the Middle East	Asia and Australasia	North America	Europe	Latin America
	1984	1983						
American	1	1	23.9%	13.8%	13.8%	53.7%	17.8%	17.5%
British	2	2	10.7	11.8	5.2	2.1	18.9	1.0
German	3	3	9.1	8.4	3.1	0.6	17.8	3.1
Canadian	4	4	8.9	1.4	1.6	35.9	2.1	1.7
Australasian	5	11	7.5	0.9	32.7	0.4	0.9	0.1
Scandinavian	6	5	6.4	1.9	0.8	0.2	15.2	0.5
Other Asian	7	8	6.0	5.0	21.5	0.2	1.7	0.4
Other European	8	7	5.4	6.7	4.1	0.6	8.2	4.7
Middle Eastern	9	6	4.9	22.0	1.7	0.2	3.0	0.4
French	10	9	4.6	12.2	2.1	0.8	5.2	3.0
Japanese	11	10	4.6	3.8	10.1	2.8	3.2	0.9
Italian	12	13	2.4	4.5	1.5	0.6	2.7	2.6
South American	13	12	2.3	0.8	0.4	0.4	0.9	42.9
Other African	14	14	1.4	5.1	0.7	0.5	1.0	0.4
Central American	15	16	0.8	0.3	0.3	0.2	0.6	10.9
Mexican	16	15	0.6	0.1	0.1	0.6	0.2	9.6
North African	17	17	0.5	1.3	0.3	0.2	0.6	0.3

*Arithmetic mean.

alone this result is a little deceiving since the combination of business travelers and conference participants still represents more than half of all guests.

Exhibit 5 displays the nationality of guests by region for 1984. Since this data also can be used as a guide to the preferred destinations of the citizens of the countries listed, this information is meant to be particularly useful in developing marketing strategies. Hotels within a specific region may want to reinforce the attractiveness of their area to nationalities who already are frequent visitors, or market their area to those people who are less familiar with that specific region. In addition, by reviewing historical patterns of travel, the experienced marketing practitioner may be able to identify evolving travel patterns.

Little change was displayed in the rankings presented in Exhibit 5. Americans were again the most frequent travelers in the world in 1984, representing almost 24 percent of all hotel guests. In addition, they were the only travelers that were a major factor in each of the five regions. With the continued strength of the U.S. dollar, the impact of American travelers—particularly tourists—will be felt at least through 1985.

REGION I: AFRICA AND THE MIDDLE EAST

Profile of contributors

Presented in this section is data for Africa and the Middle East, divided into the geographic subregions of Northern Africa, Southern Africa and the Middle East. A profile of the typical contributor from this region is shown in Exhibit I-1, while Exhibit I-2 highlights operating results.

Occupancy rates for the region rose slightly during 1984, to an average of 63.3 percent. Within the subregions, occupancy rates increased substantially in both Northern and Southern Africa, but fell drastically in the Middle East. Income before taxes rose more than 25 percent for properties in the entire region. The average daily rate fell in the region; however, the reader must note that these and other amounts are expressed in U.S. dollars, and fluctuations in exchange rates should be taken into account when comparing data from year-to-year (see Appendix II).

A regional analysis of the source and distribution of the lodging industry dollar is presented in Chart 2. As shown, room sales provided the majority of revenue for hotels followed by food sales. Distribution of revenue also indicated little change from 1983. On the expenditure side, a sharp decline in rent contributed to the increase in income before taxes.

Foreign travelers were the dominant source of business in all three regions, especially in Southern Africa where three-fourths of all hotel guests originated from foreign sources. All three subregions reported that business travelers represented the largest market segment of hotel guests. The full detail of market data is provided in Exhibit I-3.

Exhibit I-4 presents the nationality of guests for the region and three subregions. Middle Eastern travelers were the largest single source of guests in both Northern Africa and the Middle East, while Southern African properties reported French travelers as their largest nationality source.

Exhibit I-1
General Profile of Typical Contributor Based on Various Measures of Central Tendency—Africa and the Middle East

Criteria	Category of Typical Contributor
Age	Built after 1969
Size	150–299 rooms
Occupancy	70%–79%
Average Rate	Over $50
Sales Volume	Between $2–5 million (U.S.)
Restaurant Operation	Operates a restaurant in which the volume of food and beverage sales is between 75% and 99% of room sales
Other	
Location	Urban
Market	Other than tourist
Rating	First class
Management	Chain affiliated; reported net income before tax in 1984

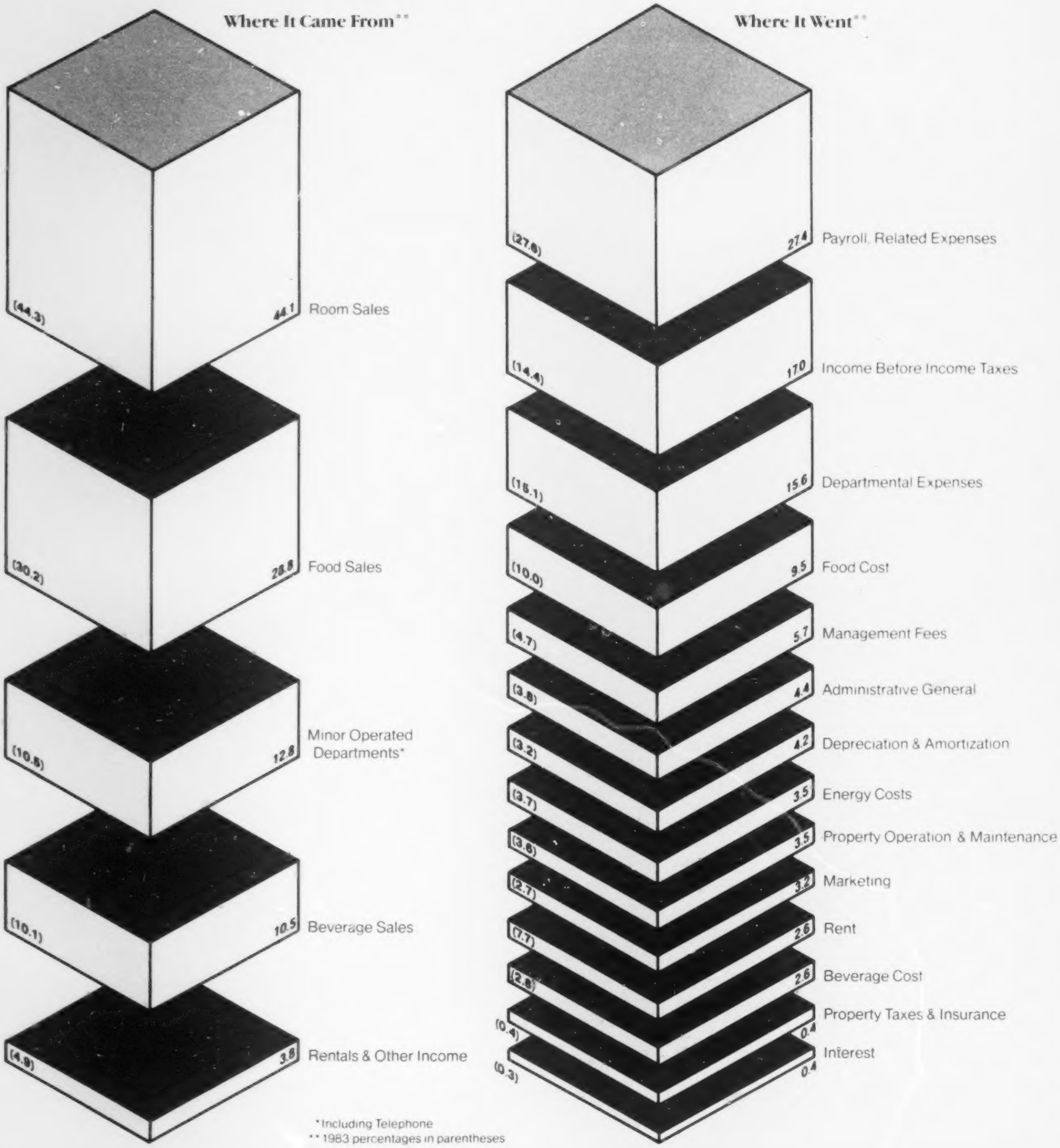
Exhibit I-2
Highlights*
Africa and the Middle East

- Total revenue decreased 9.7 percent on a per room basis.
- Room occupancy increased 0.2 percent to 63.3 percent compared with 63.2 percent in 1983.
- The average daily rate per occupied room was $60.50 compared with $61.89 in 1983, a decrease 2.3 percent.
- Payroll and related expenses per room decreased from $9,248 to $7,777.
- Income before income taxes rose 27.2 percent on a per room basis, while sales declined 5.7 percent.

*Based on medians.

Chart 2

Africa and Middle East Hotels
Percentage Distribution of Revenue and Expenses



*Including Telephone
**1983 percentages in parentheses

Exhibit I-3
Market Data*
Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Source of Business				
Domestic	38.8%	33.6%	25.3%	43.9%
Foreign	61.2	66.4	74.7	56.1
Percentage of Repeat Business	40.7%	36.4%	40.4%	41.4%
Composition of Market				
Government Officials	8.5%	4.3%	8.4%	9.2%
Businessmen	49.0	41.3	50.2	49.9
Tourists	17.1	36.4	20.4	12.9
Conference Participants	4.9	3.3	6.6	4.6
Other	20.5	14.7	14.4	23.4
Percentage of Advance Reservations	70.4%	79.8%	87.0%	63.4%
Composition of Advance Reservations				
Direct	42.6%	20.3%	27.4%	52.0%
Reservation Systems	31.2	37.5	38.4	27.5
Travel Agents & Tour Operators	21.2	41.0	27.0	15.4
Other	5.0	1.2	7.2	5.1
Ratio of Travel Agent Commissions to Room Sales	0.7%	2.4%	0.4%	0.5%

*Arithmetic mean.

Exhibit I-4
Nationality of Guests—1984*
All Hotels—Africa and the Middle East

	Rank		Total Region	Northern Africa	Southern Africa	Middle East
	1984	1983				
Middle East	1	1	22.0%	18.3%	1.4%	29.4%
American	2	2	13.8	16.4	13.7	13.3
French	3	4	12.2	17.9	24.3	7.2
British	4	3	11.8	6.1	12.5	12.7
German	5	5	8.4	8.4	11.1	7.5
Other European	6	7	6.7	6.9	5.2	7.2
Other African	7	6	5.1	1.0	18.3	1.7
Other Asian	8	8	5.0	0.9	2.2	6.8
Italian	9	9	4.5	9.4	4.6	3.5
Japanese	10	10	3.8	4.8	1.2	4.4
Scandanavian	11	13	1.9	3.1	1.7	1.7
Canadian	12	12	1.5	2.8	1.5	1.2
North Africa	13	14	1.3	2.0	0.7	1.4
Australasia	14	11	0.9	1.1	0.3	1.0
South American	15	15	0.8	0.5	0.7	0.9
Central American	16	16	0.3	0.3	0.6	0.3
Mexican	17	17	0.1	0.4	0.0	0.1

*Arithmetic mean.

Performance measurements

Comparisons of total sales and income for the African and Middle Eastern properties are presented in Exhibit I-5. Median total sales per available room rose for properties located within both African subregions, but fell rather sharply for Middle Eastern properties. The ratio of income before fixed charges to total sales grew significantly in Southern Africa, but fell in both Northern Africa and the Middle East. The reader is again cautioned that fluctuations in the U.S. dollar must be taken into account when comparing dollar amounts from year to year.

Occupancy and average rate

Occupancy rates rose slightly for the properties surveyed in Africa and the Middle East. Southern African properties showed the largest gain among the three subregions with a 16.5 percent increase. Northern African properties indicated a small increase, while Middle East occupancy rates took a sharp decline during 1984 as detailed in Exhibit I-6.

The median number of guests per room grew in all three subregions and for the region as a whole. Average daily rates rose in all subregions, while the average daily rate per guest increased only in Northern Africa.

Chart 3 presents a comparison of occupancy rates from 1983-1984 for the subregions presented in this section of the report.

Exhibit I-5
Comparison of Sales and Profitability*—Africa and the Middle East

	Total Region		Northern Africa		Southern Africa		Middle East	
	1984	1983	1984	1983	1984	1983	1984	1983
Amounts Per Available Room								
Total Sales	$27,585	$30,542	$43,406	$37,834	$19,052	$17,950	$27,476	$32,918
Income Before Fixed Charges	6,510	6,269	8,018	11,622	3,506	1,988	6,445	6,962
Net Income** or (Loss)	$ 2,850	$ 2,241	$ 3,904	$ 4,817	$ 2,825	$ (198)	$ 2,199	$ 3,313
Ratio of Income Before Fixed Charges								
Room Sales	43.0%	45.7%	50.8%	78.4%	33.3%	31.0%	42.9%	45.7%
Total Sales	19.2	21.3	22.7	31.9	18.9	16.1	19.4	21.3
Number of Times Average Rate Was Earned	104	112	126	216	115	69	89	92
Increase (Decrease)	(7.1)%		(41.7)%		66.6%		(3.3)%	

*All figures are medians.
**Before income tax.

Exhibit I-6
Occupancy, Double Occupancy, Room Rates*—Africa and the Middle East

	Total Region		Northern Africa		Southern Africa		Middle East	
	1984	1983	1984	1983	1984	1983	1984	1983
Annual Room Occupancy	63.3%	63.2%	72.7%	70.8%	69.9%	60.0%	53.3%	62.0%
Number of Guests Per Room	1.26	1.22	1.53	1.39	1.31	1.27	1.22	1.21
Average Daily Rate								
Per Room (U.S. Dollars)	$60.50	$61.89	$59.86	$46.85	$34.01	$32.91	$68.92	$68.84
Per Guest (U.S. Dollars)	46.36	49.67	50.58	37.14	24.02	24.68	49.14	55.14

*All figures are medians.

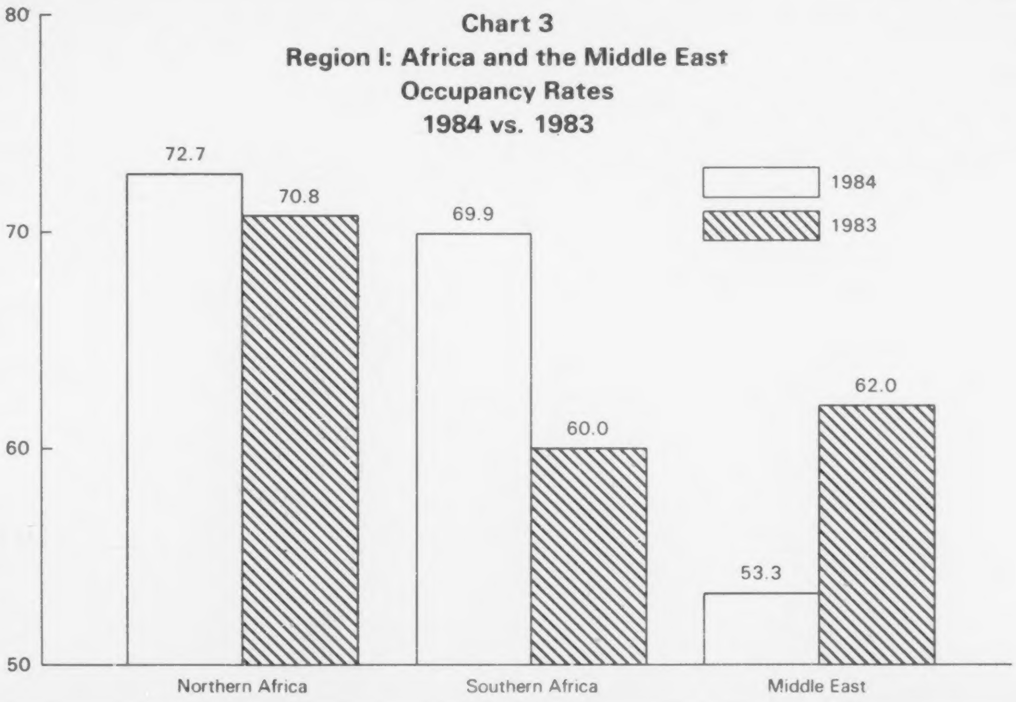


Chart 3
Region I: Africa and the Middle East
Occupancy Rates
1984 vs. 1983

Analysis of sales

All three subregions reported room sales as their largest source of revenue, with Southern African properties indicating the highest proportion at more than 50 percent. Both Northern African and Middle Eastern properties indicated that one-third of their revenue was derived from food sales. These figures are detailed in Exhibit I-7.

Presented in Exhibit I-8 are revenue and expenses for minor operated and other departments per available room and ratios to total sales. Properties in Northern Africa reported the highest sales per available room in each of the three departments shown.

Exhibit I-7
Composition of Sales*
Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Rooms	43.9%	38.7%	50.1%	44.0%
Food	29.3	31.0	24.9	29.6
Beverage	10.7	9.9	12.7	10.4
Telephone	5.9	4.7	4.8	6.6
Minor Operated Departments	5.9	11.8	5.3	4.1
Rentals & Other Income	4.3	3.9	2.2	5.3
Total	100.0%	100.0%	100.0%	100.0%

*Based on arithmetic mean.

Exhibit I-8

Minor Operated Departments and Other Income Median Amounts Per Room and Ratios to Total Sales* Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Telephone				
Amount Per Available Room				
Sales	$1,508	$2,488	$957	$2,120
Cost of Sales				
Cost of Calls	1,003	1,482	758	1,188
Equipment Rental	47	21	39	77
Total	1,117	1,484	860	1,254
Payroll & Related Expenses	135	82	63	187
All Other Expenses	12	43	6	13
Total Cost & Expenses	1,234	1,578	935	1,468
Net Departmental Income or (Loss)	$ 210	$ 262	$ 41	$ 438
Ratio to Total Sales				
Sales	6.8%	7.2%	4.1%	7.0%
Cost of Sales	4.9	6.0	3.3	4.9
Payroll & Related Expenses	0.6	0.3	0.3	0.7
Minor Operated Departments				
Amount Per Available Room				
Sales	$ 952	$1,983	$478	$ 974
Cost of Sales	226	630	160	216
Payroll & Related Expenses	207	86	74	266
Other Expenses	99	176	47	76
Total Costs & Expenses	439	1,040	229	469
Net Departmental Income	$ 457	$ 604	$253	$ 458
Ratio to Total Sales				
Sales	2.9%	3.2%	2.6%	2.8%
Cost of Sales	0.7	1.4	0.6	0.7
Payroll & Related Expenses	0.8	0.6	0.5	0.8
Rentals & Other Income				
Amount Per Available Room				
Space Rentals	$ 159	$ 496	$124	$ 167
Concessions	90	442	106	76
Commissions	83	231	21	112
Other	257	400	107	345
Total Rentals & Other Income	$ 577	$ 687	$232	$ 596
Ratio to Total Sales	2.0%	1.9%	1.9%	2.1%

*All figures are medians and do not necessarily add to totals shown.

Exhibit I-9

Food and Beverage Statistics*
Africa and the Middle East

	Total Region	Northern African	Southern Africa	Middle East
Food Sales—By Facility				
Amount Per Available Room				
Dining Room	$ 4,695	$ 7,793	$3,151	$4,455
Room Service	856	1,298	404	954
Banquet	1,498	1,489	765	1,664
Bar/Lounge	326	612	509	225
Total	$7,591	$12,933	$4,969	$7,665
Ratio to Total Sales				
Dining Room	65.9%	80.0%	67.0%	63.0%
Room Service	11.5	9.7	7.6	13.2
Banquet	20.0	14.6	17.8	21.6
Bar/Lounge	5.1%	6.5%	9.8%	3.3%
Amount Per Seat				
Dining Room	$4,579	$1,975	$2,887	$4,849
Banquet	1,208	860	501	1,326
Bar/Lounge	634	775	1,073	584
Total	$2,811	$2,344	$2,746	$2,882
Average Check				
Dining Room	$10.55	$10.37	$ 5.40	$11.45
Room Service	7.40	7.19	3.83	8.42
Banquet	15.40	19.27	8.82	15.45
Total	$10.53	$10.37	$ 5.49	$11.71
Covers Served Per Seat				
Dining Room	451	390	578	393
Banquet	71	62	84	72

*All figures are medians and do not necessarily add to totals shown.

Restaurant operations

Food and beverage statistics for those properties providing the detail are given in Exhibit I-9. Consistent with past reports, Middle Eastern properties reported higher average sales per customer (average check) than both Northern and Southern African properties. Middle Eastern establishments also reported the largest total food sales as an amount per seat of the three subregions.

BEST AVAILABLE COPY

Exhibit I-9 (continued)
Food and Beverage Statistics*
Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Room Service Sales				
Per Occupied Room				
Food	$ 4.68	$ 4.53	$ 1.74	$ 6.03
Beverage	.77	1.17	.49	.79
Total	$ 5.85	$ 5.74	$ 2.13	$ 7.45
Per Guest				
Food	$ 3.70	$ 3.37	$ 1.26	$ 4.41
Beverage	.51	.58	.41	.66
Total	$ 4.34	$ 4.34	$ 1.58	$ 5.45
Beverage Sales — By Facility				
Amount Per Available Room				
Dining Room	$1,034	$3,091	$ 694	$ 872
Room Service	138	331	138	119
Banquet	291	184	430	299
Bar/Lounge	1,390	1,463	504	1,622
Total	$3,091	$4,044	$1,854	$2,457
Ratio to Total Beverage Sales				
Dining Room	43.8%	85.1%	32.2%	41.8%
Room Service	6.3	6.1	9.0	6.0
Banquet	10.6	4.1	21.1	11.5
Bar/Lounge	39.3%	39.4%	39.0%	48.4%
Ratio to Food Sales				
Dining Room	23.0%	21.2%	27.8%	20.9%
Room Service	19.7	20.3	55.2	19.2
Banquet	20.0	9.3	56.3	19.3
Total (Including Bar/Lounge)	37.3%	27.9%	53.4%	43.8%
Amount Per Seat				
Dining Room	$ 912	$ 621	$ 873	$1,034
Banquet	165	111	378	189
Bar/Lounge	3,050	4,810	3,944	1,899
Total	$ 921	$ 745	$1,213	$ 773

Exhibit I-10
Cash Payroll, Employee Benefits, Total Payroll and Employment Statistics*
Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Payroll & Related Expenses				
Amount Per Room Cash Payroll	$ 4,931	$ 3,982	$ 3,328	$ 5,556
Net Payroll & Related Expenses**	8,581	8,344	5,074	9,272
Employee Benefits— Ratio to Cash Payroll	70.8%	94.1%	42.8%	78.8%
Cost Per Employee				
Cash Payroll	$ 4,641	$ 2,639	$ 2,849	$ 5,501
Net Payroll & Related Expenses**	7,777	4,802	4,367	10,666
Employment Statistics				
Sales Per Employee				
Rooms	$56,826	$34,101	$30,659	$ 60,261
Food & Beverage	23,825	18,455	12,522	26,405
Telephone	87,434	72,127	30,627	102,590
Minor Departments	34,698	31,651	20,666	36,813
Total Sales Per Employee	$27,199	$23,949	$13,724	$ 31,221
Productivity Index				
1984	3.42	4.52	3.65	2.84
1983	3.21	5.90	3.42	3.19
Number of Full-Time Equivalent Employees Per 100 Available Rooms				
Rooms	24.0	39.5	28.6	22.5
Food & Beverage	44.8	74.2	62.5	41.5
Telephone	2.2	3.0	2.2	2.1
Minor Departments	3.1	3.4	2.8	3.1
Administrative & General	11.5	14.4	12.8	11.0
Marketing—Sales	1.7	2.2	1.0	1.7
Marketing—Other	0.6	0.6	1.1	0.5
Property Operation & Maintenance	9.8	13.4	13.5	9.2
Personnel	3.0	2.1	2.2	3.7
House Laundry	4.7	9.3	5.8	4.1
Other	2.0	1.3	3.5	1.4
Total	115.2	160.4	134.1	106.3

*Based on those supplying data. All figures are medians and do not necessarily add to totals shown.
**After credit for service charges.

Payroll and related expenses

An analysis of payroll, employee benefits and employment statistics is displayed in Exhibit I-10. An important statistic in this analysis is the productivity index, calculated by dividing total sales by net payroll and related expenses. Southern African properties were the only group to indicate an increase in the productivity index during 1984.

Middle Eastern properties reported substantially higher costs per employee than either of the African subregions. These same Middle Eastern establishments also reported much larger total sales per employee than the other subregions. Also illustrated in this exhibit is the number of full-time equivalent employees per 100 available rooms for each department.

Undistributed operating expenses

Exhibit I-11 presents an analysis of the undistributed operating expenses for the three geographic areas in the African and Middle Eastern region. Costs per available room, ratio to room sales and ratio to total sales for 1984 are shown together with the percent change from 1983. As a ratio to total sales, the only significant decline in costs occurred in the energy department. Costs in this department declined for the total region and the subregions of Southern Africa and the Middle East. Following two straight years of declines in administrative and general costs as a ratio to total sales, all three subregions reported increases during 1984.

Energy costs per occupied room per day increased 7 percent in 1984 compared with the previous year for the properties surveyed in the Africa and the Middle East region. Electricity was the largest energy expense on a per room basis for all three subregions. These costs are detailed in Exhibit I-12.

Exhibit I-11
Analysis of Undistributed Operating Expenses* Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Administrative & General				
Cost Per Available Room				
Payroll & Related Expenses	$1,530	$1,501	$1,473	$1,575
Other	1,198	1,424	1,441	1,052
Total	$2,980	$3,381	$3,360	$2,917
Ratio to:				
Room Sales	24.8%	19.7%	34.6%	25.3%
Total Sales — 1984	10.6	7.7	13.0	10.8
Total Sales — 1983	9.5	6.4	12.7	9.2
Increase (Decrease)	11.6%	20.3%	2.4%	17.4%
Marketing				
Cost Per Available Room				
Payroll & Related Expenses	$ 243	$ 181	$ 80	$ 317
Other	728	1,385	601	694
Total	$ 927	$1,568	$ 723	$ 925
Ratio to:				
Room Sales	8.5%	10.0%	7.0%	8.8%
Total Sales — 1984	3.6	4.0	3.0	3.6
Total Sales — 1983	3.4	4.0	2.7	3.2
Increase (Decrease)	5.9%	—	11.1%	12.5%
Energy Costs				
Cost Per Available Room	$1,000	$1,014	$1,220	$ 865
Ratio to:				
Room Sales	7.5%	7.5%	9.9%	7.4%
Total Sales — 1984	3.6	3.0	5.1	3.4
Total Sales — 1983	3.7	2.4	8.3	3.5
Increase (Decrease)	(2.7)%	25.0%	(38.6)%	(2.9)%
Property Operation & Maintenance				
Cost Per Available Room				
Payroll & Related Expenses	$ 874	$ 838	$ 608	$1,039
Other	990	1,235	1,042	958
Total	$1,904	$1,842	$1,417	$2,049
Ratio to:				
Room Sales	17.1%	15.2%	14.3%	18.5%
Total Sales — 1984	7.2	6.0	7.2	7.5
Total Sales — 1983	6.5	5.6	6.6	6.6
Increase (Decrease)	10.8%	7.1%	9.1%	13.6%

— No change.
*All figures are medians and do not necessarily add to totals shown.

Exhibit I-12
Energy Costs Per Occupied Room Per Day*
Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Fuel	$1.00	$1.59	$ .67	$ .98
Electricity	2.76	2.78	4.10	2.59
Water	.52	.32	.52	.77
Steam	.18	.14	.02	.36
Credit for Sale of Energy	.23	.19	.09	.53
Net Energy Cost — 1984	$4.71	$4.47	$4.84	$4.71
Net Energy Cost — 1983	$4.40	$3.47	$5.25	$4.50
Increase (Decrease)	7.0%	28.8%	(7.8)%	4.7%

*All figures are medians and do not necessarily add to totals shown.

Exhibit I-13
Method of Payment for Hotel Services*
Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Cash	30.9%	24.3%	26.8%	33.3%
Credit Card	19.4	9.4	18.4	21.5
Travel Agents & Tour Operators	14.2	39.6	15.8	9.4
All Other Credit	35.5	26.7	39.0	35.8

*Based on arithmetic mean.

Exhibit I-14
Credit Card Commission
Annual Cost Per Occupied Room*
Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Annual Cost Per Occupied Room	$168	$529	$66	$123
Ratio to Total Sales	0.3%	1.3%	0.2%	0.2%

*All figures are medians.

Credit and collection data

The method of payment by hotel guests varied greatly among the three subregions. Lodging guests in Northern Africa preferred to let travel agents and tour operators handle their payments, while in the Middle East this method of payment was used less frequently than all other types. Exhibit I-13 provides a detailed look at this information.

Exhibit I-14 indicates the impact of credit card use for the lodging properties surveyed. Credit card commissions as an annual amount per occupied room and as a ratio to total sales had a more severe impact on Northern African establishments than the other two subregions.

Fixed charges

Exhibit I-15 shows a comparison by area of median amounts per available room and ratios to total sales of fixed charges. Fixed charges include rent, property taxes, insurance on building and contents, interest and depreciation. Properties in Northern and Southern Africa posted declines in fixed charges as ratios to total sales. Middle Eastern properties, on the other hand, showed a significant increase in this ratio during 1984.

Balance sheet statistics

The typical liquidity ratios, those used to measure the extent to which a company can cover current obligations, are listed in Exhibit I-16. The current position of reporting properties in each of the subregions increased in 1984.

Exhibits I-17 and I-18 are detailed statements of income and expenses presented as median amounts per available room and ratios to total sales for the region and subregions. These analyses include management fees as a separate line item.

Exhibit I-15

Fixed Charges—Median Amounts Per Room and Ratio to Total Sales Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Amount Per Room				
Rent	$1,043	$ 306	$ 805	$1,621
Property Taxes	211	143	285	146
Insurance on Buildings & Contents	139	241	88	111
Interest Expense	170	662	87	192
Depreciation & Amortization	1,272	1,729	511	1,234
Total Fixed Charges	$1,773	$1,939	$1,065	$1,799
Ratio to Total Sales—1984	5.4%	5.1%	4.3%	6.3%
Ratio to Total Sales—1983	5.9	6.3	17.6	5.1
Increase (Decrease)	(8.5)%	(19.0)%	(75.6)%	23.5%

Exhibit I-16

Balance Sheet Statistics—Liquidity Ratios* Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Current Position:				
Ratio of Current Assets to Current Liabilities	$ 1.74	$ 1.71	$ 1.47	$ 1.81
Accounts Receivable:				
Amount Per Room	$2,662	$3,022	$3,023	$2,445
Ratio to Total Sales	10.4%	8.6%	12.2%	9.3%
Food Inventory				
Amount Per Room	$ 223	$ 244	$ 217	$ 227
Annual Turnover	15.4	15.0	14.1	15.6
Beverage Inventory				
Amount Per Room	$ 160	$ 341	$ 294	$ 101
Annual Turnover	4.6	2.1	3.5	5.7
Operating Supplies Inventory				
Amount Per Room	$1,263	$ 368	$ 362	$2,187

*All figures are medians.

Exhibit I-17

Statement of Income and Expenses— Median Amounts Per Available Rooms* Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Rooms				
Sales	$12,870	$15,858	$9,799	$13,506
Departmental Expenses				
Payroll & Related Expenses	1,500	1,198	911	1,763
Other	1,150	1,817	578	1,150
Total	2,616	3,237	1,512	3,056
Departmental Income	9,943	12,373	8,364	10,359
Food & Beverage				
Sales				
Food	7,591	12,933	4,969	7,665
Beverage	3,091	4,044	1,854	2,457
Total	11,399	15,942	5,878	11,400
Cost of Sales				
Food	2,606	4,172	1,503	2,531
Beverage	721	1,440	633	594
Total	3,532	5,573	2,442	3,311
Gross Profit	7,701	10,369	3,437	7,702
Public Room Sales	48	213	15	50
Other Income	230	402	141	252
Gross Profit & Other Income	7,960	11,715	3,619	7,865
Departmental Expenses				
Payroll & Related Expenses	3,509	3,163	1,952	4,118
Other	1,352	3,414	852	1,327
Total	5,276	6,690	2,685	5,369
Departmental Income	2,433	3,809	1,137	2,403
Telephone Departmental Income	210	262	41	438
Net Income From Minor Operated Departments	457	604	252	458
Rentals & Other Income	577	687	232	596
Gross Income	15,026	17,801	10,099	15,257
Undistributed Operating Expenses				
Administrative & General				
Payroll & Related Expenses	1,530	1,501	1,472	1,575
Other	1,198	1,424	1,441	1,052
Total	2,980	3,381	3,360	2,917
Marketing	927	1,568	723	926
Energy Costs	1,000	1,014	1,220	865
Property Operation & Maintenance	1,904	1,842	1,420	2,049
Total Undistributed Expenses	7,180	9,731	6,070	7,407
Income Before Management Fees	8,236	8,689	4,636	8,392
Management Fees	1,194	1,745	1,103	1,187
Income Before Fixed Charges	6,510	8,018	3,506	6,445
Property & Insurance	350	384	374	257
Income Before Interest and Depreciation	$4,672	$6,972	$3,041	$5,628

*All figures are medians and do not necessarily add to totals shown; all amounts in $U.S.

Exhibit I-18
Ratio to Total Sales*
Africa and the Middle East

All ratios are based on total sales except those of the rooms and food and beverage departments. Cost of sales is shown as a percentage of the corresponding sales. Food and beverage departmental expense ratios are based on the combined food and beverage sales.

	Total Region	Northern Africa	Southern Africa	Middle East
Rooms				
Sales	100.0%	100.0%	100.0%	100.0%
Departmental Expenses				
Payroll & Related Expenses	12.0	9.0	8.9	15.0
Other	9.1	14.4	7.8	8.7
Total	23.0	24.2	17.2	25.0
Departmental Income	77.0	75.8	82.8	75.0
Ratio to Total Sales	32.2	30.4	38.6	31.8
Food & Beverage				
Sales				
Food	73.4	78.2	65.2	72.4
Beverage	27.2	21.8	34.8	30.5
Total	100.0	100.0	100.0	100.0
Cost of Sales				
Food	33.8	34.8	37.9	32.9
Beverage	23.8	38.9	28.4	21.0
Total	31.5	35.8	35.4	29.4
Gross Profit	68.5	64.2	64.6	70.6
Public Room Sales	0.3	1.2	0.2	0.4
Other Income	2.3	2.7	1.4	2.6
Gross Profit & Other Income	70.7	66.5	66.5	73.6
Departmental Expenses				
Payroll & Related Expenses	32.9	19.0	27.4	37.7
Other	13.6	16.2	11.2	12.3
Total	46.7	39.6	42.7	49.1
Departmental Income	23.7	29.6	23.7	22.3
Ratio to Total Sales	8.9	12.2	8.5	8.4
Telephone Departmental Profit	1.2	0.6	0.2	1.4
Net Income From Minor Operated Departments	1.5	1.7	1.7	1.4
Rentals & Other Income	2.0	1.9	1.9	2.1
Gross Income	51.4	51.5	56.7	50.3
Undistributed Operating Expenses				
Administrative & General				
Payroll & Related Expenses	6.0	4.5	6.8	6.2
Other	4.1	3.3	6.7	4.3
Total	10.6	7.6	13.0	10.8
Marketing	3.6	4.0	3.0	3.6
Energy Costs	3.6	3.0	5.1	3.4
Property Operation & Maintenance	7.2	6.0	7.2	7.5
Total Undistributed Expenses	25.5	20.5	30.1	25.9
Income Before Management Fees	25.2	28.1	24.0	25.2
Management Fees	4.8	5.3	6.0	11.7
Income Before Fixed Charges	19.2	22.7	18.9	19.4
Property & Insurance	1.5	1.3	3.5	1.2
Income Before Interest and Depreciation	17.1%	17.4%	16.2%	17.1%

*All figures are medians and do not necessarily add to totals shown.

Region I
Currency Conversion Tables
1984 vs. 1983 Percentage of Change
Africa and Middle East

	1984 Factor [$US/(x)]	1983 Factor [$US/(x)]	Percentage of Change
Subregion 1 — Northern Africa			
Algeria	0.19521	0.20340	(4.0)%
Egypt	1.42860	1.42860	0%
Libya	3.37780	3.37780	0%
Morocco	0.10470	0.12475	(16.1)%
Tunisia	1.15393	1.36949	(15.7)%
Subregion 2 — Southern Africa			
Benin	0.00211	0.00240	(12.1)%
C.F.A.*	0.00208	0.00236	(11.5)%
Ethiopia	0.48309	0.48309	0%
Gambia	0.23130	0.36270	(36.2)%
Ghana	0.02000	0.03330	(39.9)%
Kenya	0.06337	0.07224	(12.3)%
Lesotho	0.50400	0.81850	(38.4)%
Madagascar	0.00157	0.00203	(22.7)%
Mauritius	0.06409	0.07860	(18.5)%
Nigeria	1.23720	1.33590	(7.4)%
Seychelles	0.13591	0.14445	(5.9)%
Sierre Leone	0.39840	0.39840	0%
South Africa	0.50400	0.81850	(38.4)%
Sudan	0.76920	0.76920	0%
Tanzania	0.05523	0.08028	(31.2)%
Zaire	0.02472	0.03412	(27.6)%
Zambia	0.45440	0.73970	(38.6)%
Zimbabwe	0.66560	0.90460	(26.4)%
Subregion 3 — Middle East			
Bahrain	2.65960	2.65960	0%
Cyprus	1.55250	1.79750	(13.6)%
Iran	0.01064	0.01134	(6.2)%
Iraq	3.21690	3.21690	0%
Israel	0.00157	0.01046	(85.0)%
Jordan	2.46910	2.69180	(8.3)%
Kuwait	3.28450	3.41810	(3.9)%
Lebanon	0.11249	0.18215	(38.2)%
Oman	2.89519	2.89519	0%
Qatar	0.27473	0.27473	0%
Saudi Arabia	0.27972	0.28612	(2.2)%
Syrian Arab Republic	0.25478	0.25478	0%
Turkey	0.00225	0.00354	(36.4)%
United Arab Emirates	0.27240	0.27240	0%

Source: *International Financial Statistics*, December 1984, December 1983.

*United Republic of Cameroon, Central African Republic, Republic of Chad, People's Republic of the Congo, Republic of Gabon, Republic of the Ivory Coast, Republic of Niger, and Republic of Senegal.

REGION II: ASIA AND AUSTRALASIA

Profile of contributors

An analysis of data for Asia and Australasia, Region II, is presented in this section. Data for three subregions is also provided in the section. We have altered the composition of the subregions this year to report on the sample more accurately. This year, the areas analyzed are Asia, Pacific Basin/Far East, and Australia. A profile of the typical contributor from this region is shown in Exhibit II-1, while the highlights of operating results are outlined in Exhibit II-2.

Occupancy rates fell 4.1 percent for the total region, the only region to have decreasing occupancy rates in this study. The average daily rate for participating

Exhibit II-1
General Profile of Typical Contributor Based on Various Measures of Central Tendency Asia & Australasia

Criteria	Category of Typical Contributor
Age	Built after 1969
Size	150-299 rooms
Occupancy	60%-70%
Average Rate	Between $40 and $50 (U.S.)
Sales Volume	Between 3-6 million (U.S.)
Restaurant Operation	Operates a restaurant in which the volume of food and beverage sales is between 75% and 99% of room sales
Other	
Location	Urban
Market	Other than tourist
Rating	First class
Management	Chain affiliated; reported net income before tax in 1984

Exhibit II-2
Highlights* Asia and Australasia

- Total revenue declined 9.4 percent on a per room basis.
- Room occupancy declined 4.1 percent to 69.8 percent compared with 72.8 in 1983.
- The average daily rate per occupied room was $49.78 compared with $51.11 in 1983.
- Payroll and related expenses per room rose 16.1 percent from $5,404 to $6,272.
- Income before income taxes was 9.0 percent lower than 1983 on a per room basis.

*Based on medians.

Exhibit II-3
Market Data* Asia and Australasia

	Total Region	Asia	Far East/ Pacific Basin	Australia
Source of Business				
Domestic	46.3%	39.6%	15.1%	73.6%
Foreign	53.7	60.4	84.9	26.4
Percentage of Repeat Business	37.7%	42.1%	33.2%	37.5%
Composition of Market				
Government Officials	3.5	4.0	1.5	4.6
Business Travelers	43.8	49.9	36.2	43.7
Tourists	28.7	18.6	44.3	26.7
Conference Participants	7.0	6.3	6.8	7.7
Other	17.0	21.2	11.2	17.3
Percentage of Advance Reservations	85.0%	78.9%	88.9%	88.4%
Composition of Advance Reservations				
Direct	32.6%	28.7%	23.6%	43.1%
Reservation Systems	30.1	40.0	25.1	24.4
Travel Agents & Tour Operators	31.5	27.3	45.8	24.8
Other	5.8	4.0	5.5	7.7
Ratio of Travel Agent Commissions to Room Sales	1.2%	0.6%	1.2%	1.6%

*Arithmetic mean.

Asian and Australasian hotels also declined, leading to an overall decrease in total revenue for 1984. The reader is again advised that fluctuations in currency rates should be considered when comparing data for more than one year, and the currency exchange table at the end of the section should be used for closer analysis.

Chart 4 illustrates the distribution of revenue and expenses for the lodging industry dollar for the year. Percentages in parentheses indicate the figures for 1983. Sources of revenue remained consistent with last year's results with only food sales generating significantly less revenue than in 1983. On the expenditure side, noticeable declines in the percentage of revenue allocated to expenses were reported for payroll and related expenses and management fees. These declines enabled operators to carry more revenue to the bottom line with income before income taxes rising 34.5 percent.

Market data for the total region and the three subregions is illustrated in Exhibit II-3. As shown in the composition of market, business travelers and tourists were the dominant sources of hotel guests. For the subregions of Asia and the Pacific Basin/Far East, foreign sources accounted for the bulk of the lodging guests. On the other hand, Australian properties indicated that domestic travel accounted for nearly three-fourths of hotel guests.

Exhibit II-4 presents the nationality of hotel guests for properties in each of the subregions. Australian travelers were ranked first by hotels providing guest information.

Performance measurements

Total sales per available room decreased for Region II in 1984 from 1983. Dollar amount for income before fixed charges and net income also fell for the year. However, as a ratio to room sales and total sales, income before fixed charges rose. This illustrates the effect of exchange rates used in this report, and how the strength of the U.S. dollar must be taken into consideration when comparing data for more than one year.

Exhibit II-4
Nationality of Guests—1984*
All Hotels—Asia and Australasia

	Rank		Total Region	Asia	Pacific Basin/ Far East	Australia
	1984	1983				
Australasian	1	2	33.1%	6.7%	13.5%	71.7%
Other Asian	2	1	21.5	40.8	21.7	3.8
American	3	4	13.8	7.8	27.1	8.4
Japanese	4	3	10.1	11.1	15.6	4.7
British	5	5	5.2	6.5	5.6	3.8
Other European	6	6	4.1	7.3	3.1	2.1
German	7	7	3.1	5.3	2.6	1.5
French	8	8	2.1	3.6	2.5	0.6
Middle Eastern	9	9	1.7	3.2	2.0	0.1
Italian	10	10	1.5	3.1	1.1	0.5
Canadian	11	11	1.5	1.3	2.2	1.3
Scandinavian	12	12	0.7	1.6	0.5	0.2
Other African	13	14	0.7	0.3	0.8	0.9
South American	14	15	0.3	0.5	0.5	0.1
Central American	15	17	0.3	0.4	0.6	0.1
North African	16	16	0.2	0.3	0.3	0.2
Mexican	17	13	0.1	0.2	0.3	0.0

*Arithmetic mean.

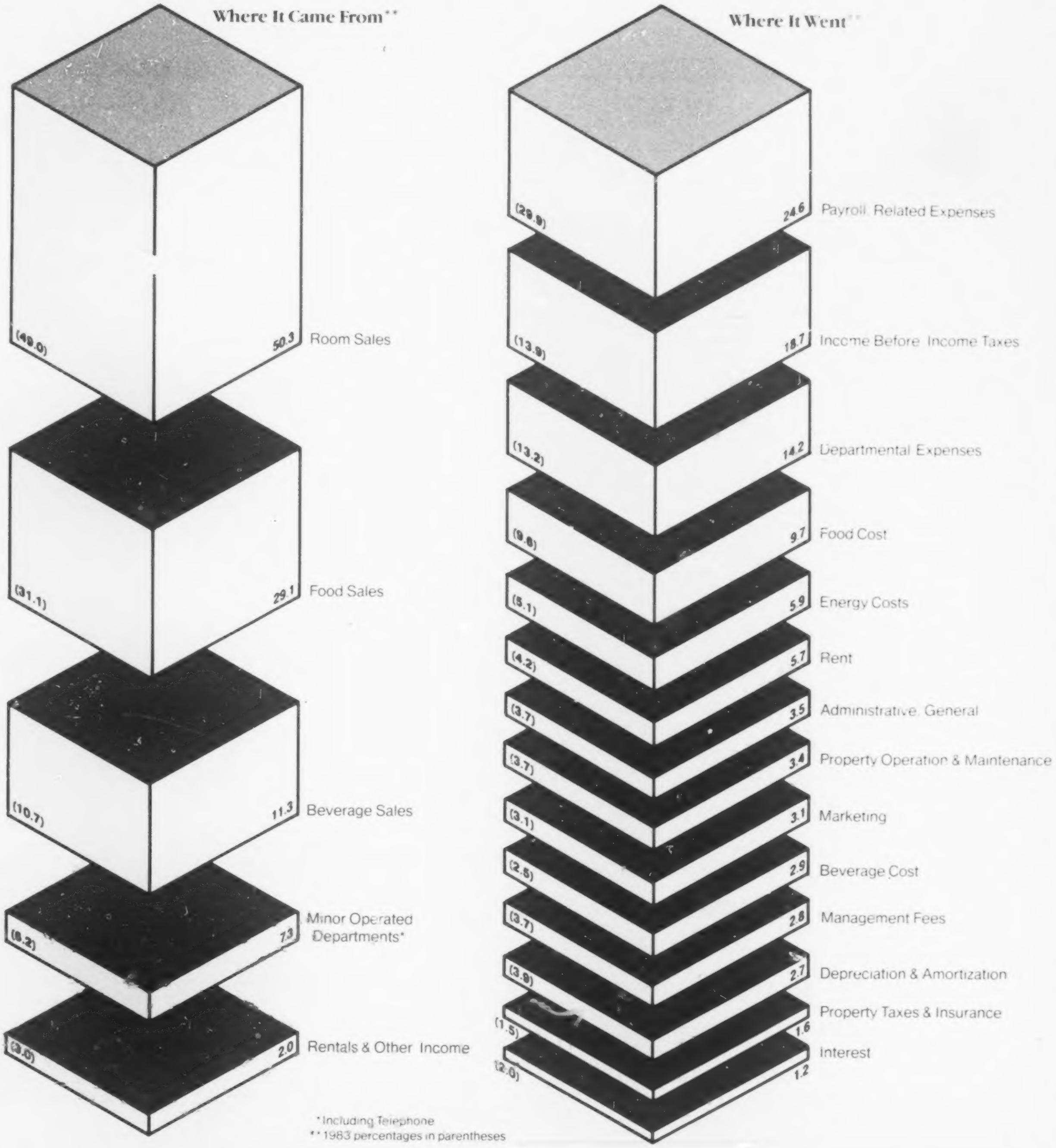
Exhibit II-5
Comparison of Sales and Profitability*
Asia and Australasia

	Total Region		Asia		Pacific Basin/ Far East		Australia	
	1984	1983	1984	1983	1984	1983	1984	1983
Amounts Per Available Room								
Total Sales	$23,550	$25,994	$20,754	$21,724	$29,163	N/A	$23,607	N/A
Income Before Fixed Charges	6,083	6,578	5,322	7,819	8,914	N/A	6,083	N/A
Net Income** or (Loss)	$ 2,295	$ 2,523	$ 1,297	$ 2,630	$ 6,321	N/A	$ 1,463	N/A
Ratio of Income Before Fixed Charges								
Room Sales	51.3%	48.7%	54.6%	63.5%	60.3%	N/A	33.8%	N/A
Total Sales	26.0	24.5	26.6	29.2	32.1	N/A	25.4	N/A
Number of Times Average Rate Was Earned	127	133	130	145	194	N/A	119	N/A
Increase (Decrease)	(4.5)%		(10.3)%		N/A		N/A	

*All figures are medians.
**Before income tax.
N/A—Not available.

Chart 4

Asia and Australasia
Percentage Distribution of Revenue and Expenses



* Including Telephone
** 1983 percentages in parentheses

Exhibit II-6
Occupancy, Double Occupancy, Room Rates*
Asia and Australasia

	Total Region		Asia		Pacific Basin/ Far East		Australia	
	1984	1983	1984	1983	1984	1983	1984	1983
Annual Room Occupancy	69.8%	72.8%	65.1%	67.3%	77.7%	N/A	67.5%	N/A
Number of Guests Per Room	1.35	1.35	1.21	1.28	1.62	N/A	1.35	N/A
Average Daily Rate								
Per Room (U.S. Dollars)	$49.78	$51.11	$43.61	$46.94	$49.28	N/A	$51.40	N/A
Per Guest (U.S. Dollars)	35.28	31.47	31.76	30.65	31.78	N/A	41.00	N/A

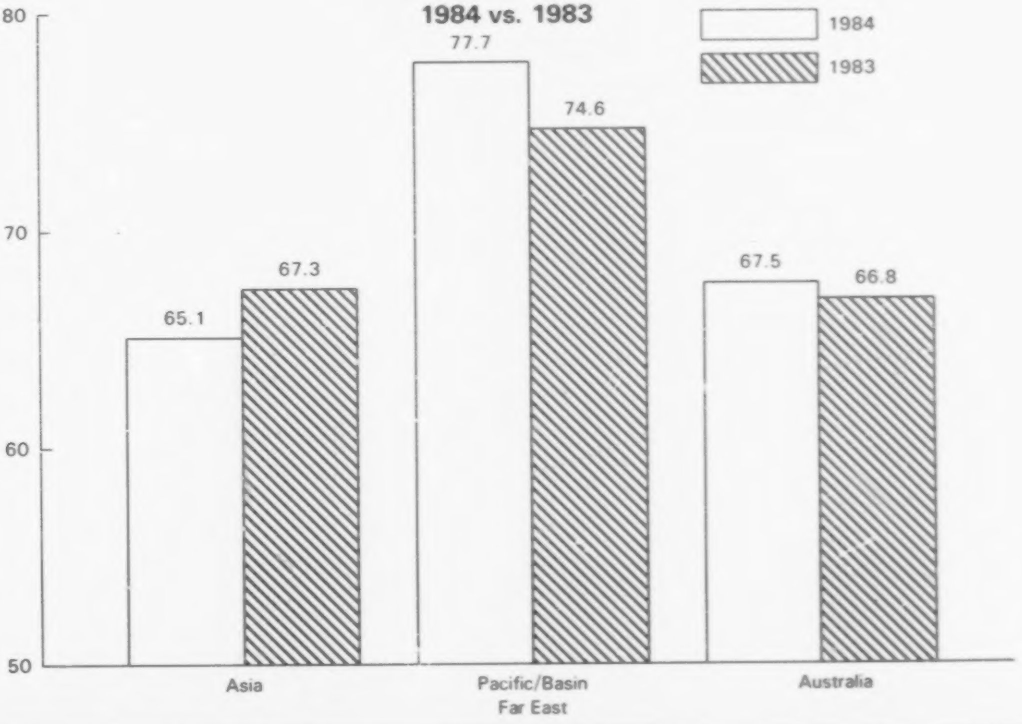
*All figures are medians.
N/A—Not available.

Exhibit II-7
Composition of Sales*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Rooms	50.8%	49.5%	49.0%	53.1%
Food	27.7	27.8	30.8	25.5
Beverage	11.6	9.7	11.0	13.5
Telephone	3.8	5.5	3.1	3.0
Minor Operated Departments	3.0	3.0	3.4	2.8
Rentals & Other Income	3.1	4.5	2.7	2.1
Total	100.0%	100.0%	100.0%	100.0%

*Based on arithmetic mean.

Chart 5
Region II: Asia and Australasia
Occupancy Rates
1984 vs. 1983



Occupancy and average rate

Exhibit II-6 details median room occupancy, number of guests per room and the average daily rate per room and guest for the properties surveyed. The average occupancy rates for this region declined 4.1 percent from the 1983 level and stood at 69.8 percent. Average daily rate per room fell slightly for the total region, while the average daily rate per guest rose slightly during 1984. The subregion of the Pacific Basin/Far East had higher occupancy rates than the other two subregions.

Chart 5 presents a comparison of occupancy rates from 1983-1984 for the three subregions presented in the section of the report.

Analysis of sales

All three subregions reported that approximately half their revenue was derived from room sales, with Australian properties reporting the highest proportion with 53.1 percent. Food sales accounted for more than one-fourth of total revenue for all three subregions during the year. Exhibit II-7 highlights these figures in detail.

Exhibit III-8 presents revenue and expenses for minor operated and other departments per available room and ratios to total sales. Australian properties showed a net loss in the telephone department; however, this was the only loss in the departments analyzed for all three subregions.

Exhibit II-8
Minor Operated Departments and Other Income
Median Amounts Per Room and Ratios to Total Sales*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Telephone				
Amount Per Available Room				
Sales	$996	$1,072	$1,032	$743
Cost of Sales				
Cost of Calls	690	788	762	663
Equipment Rental	89	50	91	96
Total	782	879	825	750
Payroll & Related Expenses	109	60	112	216
All Other Expenses	7	9	9	5
Total Cost & Expenses	897	938	922	844
Net Departmental Income or (Loss)	92	135	143	(8)
Ratio to Total Sales				
Sales	3.9%	5.6%	3.9%	3.4%
Cost of Sales	3.3	4.2	3.2	2.8
Payroll & Related Expenses	0.4	0.3	0.4	0.7
Minor Operated Departments				
Amount Per Available Room				
Sales	$467	$ 549	$ 573	$362
Cost of Sales	164	148	189	210
Payroll & Related Expenses	96	93	107	92
Other Expenses	36	29	41	55
Total Costs & Expenses	278	261	348	250
Net Departmental Income	216	257	229	139
Ratio to Total Sales				
Sales	2.2%	2.5%	2.6%	1.8%
Cost of Sales	0.7	0.5	0.7	0.9
Payroll & Related Expenses	0.4	0.5	0.5	0.4
Rentals & Other Income				
Amount Per Available Room				
Space Rentals	$142	$ 307	$ 99	$ 62
Concessions	41	30	42	19
Commissions	15	18	20	11
Other	277	301	338	131
Total Rentals & Other Income	392	585	505	169
Ratio to Total Sales	1.3%	2.7%	1.7%	0.6%

*All figures are medians and do not necessarily add to totals shown.

Exhibit II-9
Food and Beverage Statistics*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Food Sales — By Facility				
Amount Per Available Room				
Dining Room	$3,845	$3,435	$6,707	$3,694
Room Service	642	533	494	831
Banquet	1,338	1,421	1,338	1,211
Bar/Lounge	270	137	287	485
Total	$6,217	$5,194	$8,626	6,189
Ratio to Total Sales				
Dining Room	65.7%	60.9%	71.1%	64.8%
Room Service	8.1	8.4	6.5	11.3
Banquet	22.4	24.0	17.3	25.0
Bar/Lounge	2.7%	2.1%	2.7%	3.8%
Amount Per Seat				
Dining Room	$4,366	$3,228	$6,377	$5,188
Banquet	966	967	1,468	855
Bar/Lounge	617	286	878	1,256
Total	$2,757	$1,657	$3,837	$2,459
Average Check				
Dining Room	$6.68	$4.84	$6.29	$9.65
Room Service	5.77	3.76	5.27	7.07
Banquet	9.19	6.60	9.46	10.36
Total	$ 8.01	$ 5.12	$ 6.80	$ 9.48
Covers Served Per Seat				
Dining Room	642	648	791	519
Banquet	109	130	124	88

*All figures are medians and do not necessarily add to totals shown.

Restaurant operations

Food and beverage statistics for the Asia and Australasia region are presented in Exhibit II-9. Among the three subregions, Australian properties had the largest average total check, but the lowest number of covers per seat. Pacific Basin/Far East properties showed the highest total beverage sales per available room.

Exhibit II-9 (continued)
Food and Beverage Statistics*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Room Service Sales				
Per Occupied Room				
Food	$ 2.46	$ 2.21	$ 1.74	$ 3.26
Beverage	.68	.32	.44	1.46
Total	$ 3.11	$ 2.65	$ 2.58	$ 4.70
Per Guest				
Food	$ 1.83	$ 1.85	$ 1.29	$ 2.74
Beverage	.40	.21	.24	.55
Total	$ 2.02	$ 2.02	$ 1.49	$ 3.29
Beverage Sales — By Facility				
Amount Per Available Room				
Dining Room	$ 890	$ 662	$1,083	$ 915
Room Service	180	78	103	372
Banquet	258	228	270	347
Bar/Lounge	1,141	984	1,466	751
Total	$2,747	$2,105	$3,198	$2,913
Ratio to Total Beverage Sales				
Dining Room	35.2%	34.7%	38.5%	34.0%
Room Service	4.4	3.2	2.4	12.3
Banquet	11.6	11.5	9.7	14.3
Bar/Lounge	42.0%	46.6%	42.9%	35.3%
Ratio to Food Sales				
Dining Room	22.8%	20.4%	18.6%	26.3%
Room Service	22.4	17.4	13.8	57.9
Banquet	29.0	19.8	25.3	36.0
Total (Including Bar/Lounge)	42.5%	38.4%	36.0%	48.7%
Amount Per Seat				
Dining Room	$ 858	$ 710	$1,084	$1,518
Banquet	240	110	402	260
Bar/Lounge	2,979	2,154	3,105	3,056
Total	$1,136	$ 607	$1,403	$1,422

Exhibit II-10
Cash Payroll, Employee Benefits, Total Payroll and Employment Statistics* Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Payroll & Related Expenses				
Amount Per Room Cash Payroll	$ 5,144	$ 3,260	$ 6,031	$ 8,569
Net Payroll & Related Expenses**	6,272	3,917	6,358	7,969
Employee Benefits— Ratio to Cash Payroll	30.4%	44.4%	36.8%	16.9%
Cost Per Employee				
Cash Payroll	$ 4,406	$ 2,134	$ 4,596	$10,893
Net Payroll & Related Expenses**	4,566	2,506	4,559	11,836
Employment Statistics				
Sales Per Employee				
Rooms	$41,350	$22,885	$41,954	$57,176
Food & Beverage	19,305	9,319	19,879	25,678
Telephone	44,627	36,523	63,604	65,665
Minor Departments	21,019	11,991	29,615	21,872
Total Sales Per Employee	$24,965	$11,416	$24,820	$34,555
Productivity Index				
1984	3.51	4.86	4.39	2.96
1983	3.82	4.66	N/A	N/A
Number of Full-Time Equivalent Employees Per 100 Available Rooms				
Rooms	35.2	43.0	35.8	24.9
Food & Beverage	61.9	74.3	61.7	35.4
Telephone	2.2	3.0	2.0	1.7
Minor Departments	3.2	5.4	2.3	1.4
Administrative & General	9.6	14.7	9.6	4.5
Marketing—Sales	2.0	2.4	2.0	1.4
Marketing—Other	1.1	1.1	1.0	0.8
Property Operation & Maintenance	8.7	16.6	9.7	2.3
Personnel	2.0	2.3	1.4	1.4
House Laundry	5.3	6.3	3.8	2.1
Other	1.0	1.4	0.8	***
Total	126.0	164.4	137.3	72.6

*Based on those supplying data. All figures are medians and do not necessarily add to totals shown.
**After credit for service charges.
***Insufficient response.
N/A—Not available.

Payroll and related expenses

An analysis of payroll, employee benefits and employment statistics is displayed in Exhibit II-10. Australian lodging establishments reported higher costs per employee than hotels in each of the other regions; however, they also indicated sharply higher total sales per employee than both Asian and the Pacific Basin/Far Eastern properties. The exhibit also provides the number of full-time equivalent employees per 100 available rooms for each department.

Undistributed operating expenses

Undistributed operating expenses are analyzed in Exhibit II-11 for the three geographic areas in the Asia and Australasia region. Cost per available room, ratio to room sales and ratio to total sales for 1984 are shown together with the percent change from 1983, where applicable. The region as a whole had declines in all departments as a ratio to total sales. Properties in Asia, the only subregion with two years worth of data, indicated sharply rising energy costs as a ratio to total sales.

Exhibit II-11
Analysis of Undistributed Operating Expenses* Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Administrative & General				
Cost Per Available Room				
Payroll & Related Expenses	$ 841	$ 817	$ 928	$ 700
Other	822	731	932	905
Total	$1,674	$1,517	$1,752	$1,674
Ratio to:				
Room Sales	13.7%	15.7%	11.5%	12.7%
Total Sales — 1984	6.8	7.8	N/A	N/A
Total Sales — 1983	7.4	7.7	N/A	N/A
Increase (Decrease)	(8.1)%	1.3%	N/A	N/A
Marketing				
Cost Per Available Room				
Payroll & Related Expenses	$ 188	$ 146	$ 269	$ 133
Other	819	877	950	448
Total	$1,007	$1,048	$1,206	$ 548
Ratio to:				
Room Sales	7.7%	8.9%	8.7%	4.7%
Total Sales — 1984	3.9	4.3	4.4%	2.4%
Total Sales — 1983	4.0	4.0	N/A	N/A
Increase (Decrease)	(2.5)%	7.5%	N/A	N/A
Energy				
Cost Per Available Room	$1,296	$1,864	$1,726	$ 865
Ratio to:				
Room Sales	9.9%	17.0%	11.0%	7.2%
Total Sales — 1984	5.4	8.0	5.4%	3.3%
Total Sales — 1983	5.5	7.2	N/A	N/A
Increase (Decrease)	(1.8)%	11.1%	N/A	N/A
Property Operation & Maintenance				
Cost Per Available Room				
Payroll & Related Expenses	$ 406	$ 408	$ 542	$ 353
Other	818	781	804	883
Total	$1,304	$1,183	$1,343	$1,317
Ratio to:				
Room Sales	10.3%	12.3%	9.6%	9.3%
Total Sales — 1984	5.3	6.2	4.8%	5.2%
Total Sales — 1983	5.8	6.0	N/A	N/A
Increase (Decrease)	(8.6)%	3.3%	N/A	N/A

*All figures are medians and do not necessarily add to totals shown.
N/A — Not available.

Exhibit II-12
Energy Costs Per Occupied Room Per Day*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Fuel	$0.92	$1.27	$0.83	$0.62
Electricity	3.89	5.36	4.92	2.26
Water	0.72	0.76	0.44	1.03
Steam	0.90	1.23	0.05	N/A
Credit for Sale of Energy	0.58	0.94	0.45	0.03
Net Energy Cost — 1984	$5.04	$8.18	$5.99	$3.44
Net Energy Cost — 1983	5.80	6.54	N/A	N/A
Increase (Decrease)	(13.1)%	25.1%	N/A	N/A

*All figures are medians and do not necessarily add to totals shown.
NA — Not available.

Exhibit II-13
Method of Payment for Hotel Services*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Cash	24.1%	25.2%	23.0%	23.9%
Credit Card	32.9	26.3	36.3	36.3
Travel Agents & Tour Operators	20.1	13.9	24.8	21.9
All Other Credit	22.9	34.6	15.9	17.9

*Based on arithmetic mean.

Exhibit II-14
Credit Card Commission
Annual Cost Per Occupied Room*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Annual Cost Per Occupied Room	$201	$115	$218	$311
Ratio to Total Sales	0.6%	0.3%	0.6%	0.9%

*All figures are medians.

Energy costs per occupied room per day in Asia were significantly higher than in the other two subregions during 1984. Asian properties also indicated a 25.1 percent increase in energy costs from 1983. These costs are detailed in Exhibit II-12.

Credit and collection data

Hotels in the Pacific Basin/Far East and Australia reported that more guest accounts were settled with credit cards in 1984 than by any other method. However, as indicated in Exhibit II-13, other credit was the most preferred form of payment in the Asian properties surveyed. Exhibit II-14 shows the cost impact of credit card usage. The highest annual cost per occupied room was found in Australia.

Fixed charges

Exhibit II-15 is a comparison by area of median amounts per available room and ratios to total sales of fixed charges, which include rent, property taxes, insurance on building and contents, interest and depreciation. For Asian properties, the ratio of fixed charges to total sales declined 19.4 percent in 1984 compared with 1983. Two-year comparisons are not shown for the Pacific Basin/Far East and Australia subregions because these subregions differ from those provided in previous years' reports.

Balance sheet statistics

The typical liquidity ratios, those used to measure the extent to which a company can cover current obligations, are shown in Exhibit II-16. The current position of reporting properties in the region as a whole increased in 1984.

Detailed statements of income and expenses presented as median amounts per available room and ratios to total sales for the region and subregions are presented in Exhibits II-17 and II-18. These analyses include management fees as a separate line item.

Exhibit II-15
Fixed Charges—Median Amounts Per Room and Ratio to Total Sales*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Amount Per Room				
Rent	$2,800	$ 166	$2,281	$3,425
Property Taxes	249	128	189	314
Insurance on Buildings & Contents	82	82	54	108
Interest Expense	370	796	47	105
Depreciation & Amortization	883	987	1,144	773
Total Fixed Charges	$2,364	$1,839	$1,483	$2,803
Ratio to Total Sales — 1984	10.0%	8.7%	5.5%	14.2%
Ratio to Total Sales — 1983	9.7	10.8	5.4	**
Increase (Decrease)	3.1%	(19.4)%	1.9%	—

*All figures are medians and do not necessarily add to totals shown.
**Not available.
—No change.

Exhibit II-16
Balance Sheet Statistics—Liquidity Ratios*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Current Position:				
Ratio of Current Assets to Current Liabilities	$ 1.16	$ 1.25	$ 1.15	$ 1.09
Accounts Receivable:				
Amount Per Room	$2,123	$2,057	$2,205	$1,949
Ratio to Total Sales	7.1%	9.9%	7.1%	5.5%
Food Inventory:				
Amount Per Room	$ 119	$ 108	$ 146	$ 102
Annual Turnover	25.2	24.0	25.6	28.7
Beverage Inventory:				
Amount Per Room	$ 165	$ 152	$ 151	$ 300
Annual Turnover	4.9	3.5	4.9	5.9
Operating Supplies Inventory:				
Amount Per Room	$ 408	$ 865	$ 352	$ 310

*All figures are medians.

Exhibit II-17

Statement of Income and Expenses— Median Amounts Per Available Room* Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Rooms				
Sales	$12,908	$11,044	$15,049	$13,714
Departmental Expenses				
Payroll & Related Expenses	1,603	850	1,326	2,904
Other	1,100	982	1,286	1,101
Total	2,910	1,720	2,492	4,099
Departmental Income	9,350	9,006	11,784	9,110
Food & Beverage				
Sales				
Food	6,217	5,194	8,626	6,189
Beverage	2,747	2,105	3,198	2,914
Total	9,034	7,350	11,576	9,408
Cost of Sales				
Food	2,050	1,911	2,961	1,839
Beverage	749	588	794	874
Total	2,840	2,592	3,990	2,702
Gross Profit	6,151	4,659	7,682	6,617
Public Room Sales	113	68	87	211
Other Income	106	109	80	443
Gross Profit & Other Income	6,260	4,808	7,817	6,739
Departmental Expenses				
Payroll & Related Expenses	2,899	1,645	3,199	3,938
Other	1,119	1,175	1,482	766
Total	3,634	2,866	4,699	4,251
Departmental Income	1,994	1,788	3,289	1,577
Telephone Departmental Income	92	135	143	(8)
Net Income From Minor Operated Departments	216	257	229	139
Rentals & Other Income	392	585	505	169
Gross Income	12,778	11,813	15,727	11,302
Undistributed Operating Expenses				
Administrative & General				
Payroll & Related Expenses	841	816	927	700
Other	822	731	932	905
Total	1,674	1,517	1,752	1,674
Marketing	1,007	1,048	1,206	548
Energy	1,296	1,864	1,725	865
Property Operation & Maintenance	1,304	1,183	1,343	1,317
Total Undistributed Expenses	5,752	5,583	6,145	5,480
Income Before Management Fees	6,620	6,610	10,377	6,276
Management Fees	689	661	742	573
Income Before Fixed Charges	6,083	5,322	8,914	6,083
Property Taxes & Insurance	331	210	242	422
Income Before Interest and Depreciation	$4,423	$4,187	$6,581	$2,827

*All figures are medians and do not necessarily add to totals shown.

Exhibit II-18
Ratio to Total Sales*
Asia and Australasia

All ratios are based on total sales except those of the rooms and food and beverage departments. Cost of sales is shown as a percentage of the corresponding sales. Food and beverage departmental expense ratios are based on the combined food and beverage sales.

	Total Region	Asia	Pacific Basin/ Far East	Australia
Rooms				
Sales	100.0%	100.0%	100.0%	100.0%
Departmental Expenses				
Payroll & Related Expenses	13.0	8.7	9.8	22.9
Other	9.6	9.7	9.9	9.0
Total	23.7	18.4	19.2	31.9
Departmental Income	76.3	81.6	80.8	68.1
Ratio to Total Sales	38.9	40.1	39.2	35.5
Food & Beverage				
Sales				
Food	70.2	72.2	73.6	67.2
Beverage	29.8	27.8	26.4	32.8
Total	100.0	100.0	100.0	100.0
Cost of Sales				
Food	34.7	36.4	36.2	30.2
Beverage	27.3	26.2	22.6	29.2
Total	31.7	33.5	32.5	29.1
Gross Profit	68.3	66.5	67.5	70.9
Public Room Sales	1.0	0.7	0.7	2.1
Other Income	1.1	1.2	0.9	4.0
Gross Profit & Other Income	70.2	68.4	69.0	73.1
Departmental Expenses				
Payroll & Related Expenses	31.6	24.9	25.1	44.4
Other	11.6	15.0	11.9	8.9
Total	45.6	38.0	37.2	53.4
Departmental Income	24.3	28.0	29.2	19.4
Ratio to Total Sales	10.0	10.1	12.2	7.3
Telephone Departmental Profit	0.4	0.6	0.5	N
Net Income From Minor Operated Departments	1.0	0.1	1.1	0.6
Rentals & Other Income	1.3	2.7	1.7	0.6
Gross Income	52.8	56.4	57.3	43.6
Undistributed Operating Expenses				
Administrative & General				
Payroll & Related Expenses	3.5	4.4	3.2	3.1
Other	3.2	3.4	2.9	3.2
Total	6.8	7.8	6.3	6.3
Marketing	3.9	4.3	4.4	2.4
Energy	5.4	8.0	5.4	3.3
Property Operation & Maintenance	5.3	6.2	4.8	5.2
Total Undistributed Expenses	21.7	27.3	22.4	18.8
Income Before Management Fees	28.5	30.6	34.0	25.4
Management Fees	3.0	3.9	3.0	1.5
Income Before Fixed Charges	26.0	26.6	32.1	25.4
Property Taxes & Insurance	1.3	1.0	0.7	1.9
Income Before Interest & Depreciation	18.1%	23.2%	24.5%	14.9%

*All figures are medians and do not necessarily add to totals shown.
N—Negligible.

Region II
Currency Conversion Tables
1984 vs. 1983 Percentage of Change
Asia and Australasia

	1984 Factor [$US/(x)]	1983 Factor [$US/(x)]	Percentage of Change
Subregion 1 — Asia			
India	0.08031	0.09530	(15.7)%
Nepal	0.05556	0.06711	(17.2)%
Pakistan	0.06510	0.07407	(12.1)%
South Korea	*	*	*
Sri Lanka	0.03805	0.04000	(4.9)%
Subregion 2 — Far East			
Hong Kong	0.12821	0.15360	(16.5)%
Japan	0.00398	0.00431	(7.5)%
Malaysia	0.41237	0.42766	(3.6)%
Singapore	0.45914	0.47015	(2.3)%
Thailand	0.03683	0.04348	(15.3)%
Subregion 3 — Pacific Basin			
Australia	0.82780	0.89250	(7.2)%
Brunei	*	*	*
Fiji	0.87490	0.95580	(8.5)%
French Polynesia	0.10425	0.11980	(13.0)%
Guam	1.00000	1.00000	0%
Hawaiian Islands	1.00000	1.00000	0%
Indonesia	0.00093	0.00101	(7.5)%
New Zealand	0.47760	0.65450	(27.0)%
Philippines	0.05061	0.07142	(29.1)%
Vanuatu	*	*	*

Source: *International Financial Statistics*, December 1984, December 1983.
*Reported in U.S. Dollars. Conversion factor not available.

REGION III: NORTH AMERICA

Profile of contributors

This section provides data for North America, divided into the geographic subregions of Canada, the United States and the Caribbean Islands. A profile of the typical contributor from this region is shown in Exhibit III-1, while the highlights of operating results are outlined in Exhibit III-2.

After three consecutive years of declining rates, room occupancy for North American properties increased 8.3 percent during 1984. Both revenue per room and average daily rate per occupied room dropped slightly, although these declines are attributable to amounts being expressed in U.S. dollars. The reader should note that both these amounts rose for U.S. properties, while these revenue amounts fell for Canadian and the Caribbean contributors due to exchange rate fluctuations. North American properties appear to have rebounded in 1984 and, with the healthy economic outlook for this area in 1985, lodging properties can look forward to a good year again in 1985.

A regional analysis of the source and distribution of the lodging industry dollar is presented in Chart 6. Room sales provided the majority of revenue, followed by food sales, then beverage sales. On the expenditure side, employee payroll and related expenses required a larger share of hotel revenue than any other category.

Exhibit III-3 provides market data for the total region and the three subregions. As shown in the composition of market, U.S. and Canadian properties indicated diversified customer bases with business travelers, tourists and conference participants each representing a significant portion of total guests. In Caribbean properties, however, more than 80 percent of guests were tourists. This is not surprising since the economies of Caribbean countries rely heavily on tourism. Also in 1984 more than 90 percent of guests at Carib-

Exhibit III-1
General Profile of Typical Contributor Based on Various Measures of Central Tendency North America

Criteria	Category of Typical Contributor
Age	Built after 1969
Size	300-600 rooms
Occupancy	65%-75%
Average Rate	$55.00 and over (U.S.)
Sales Volume	$2-6 million (U.S.)
Restaurant Operation	Operates a restaurant in which the volume of food and beverage sales is between 75% and 99% of room sales
Other	
Location	Urban
Market	Other than tourist
Rating	First class
Management	Chain affiliated; reported net income before tax in 1984

Exhibit III-2
Highlights*
North America

- Total revenue decreased 3.5 percent on a per room basis.
- Room occupancy increased 8.3 percent to 68.1 percent compared with 62.9 in 1983.
- The average daily rate per occupied room was $56.88 compared with $56.96 in 1983.
- Payroll and related expenses per room increased 4.6 percent from $14,073 to $14,716.
- Income before income taxes was 44.1 percent higher than 1983 on a per room basis.

*Based on medians.

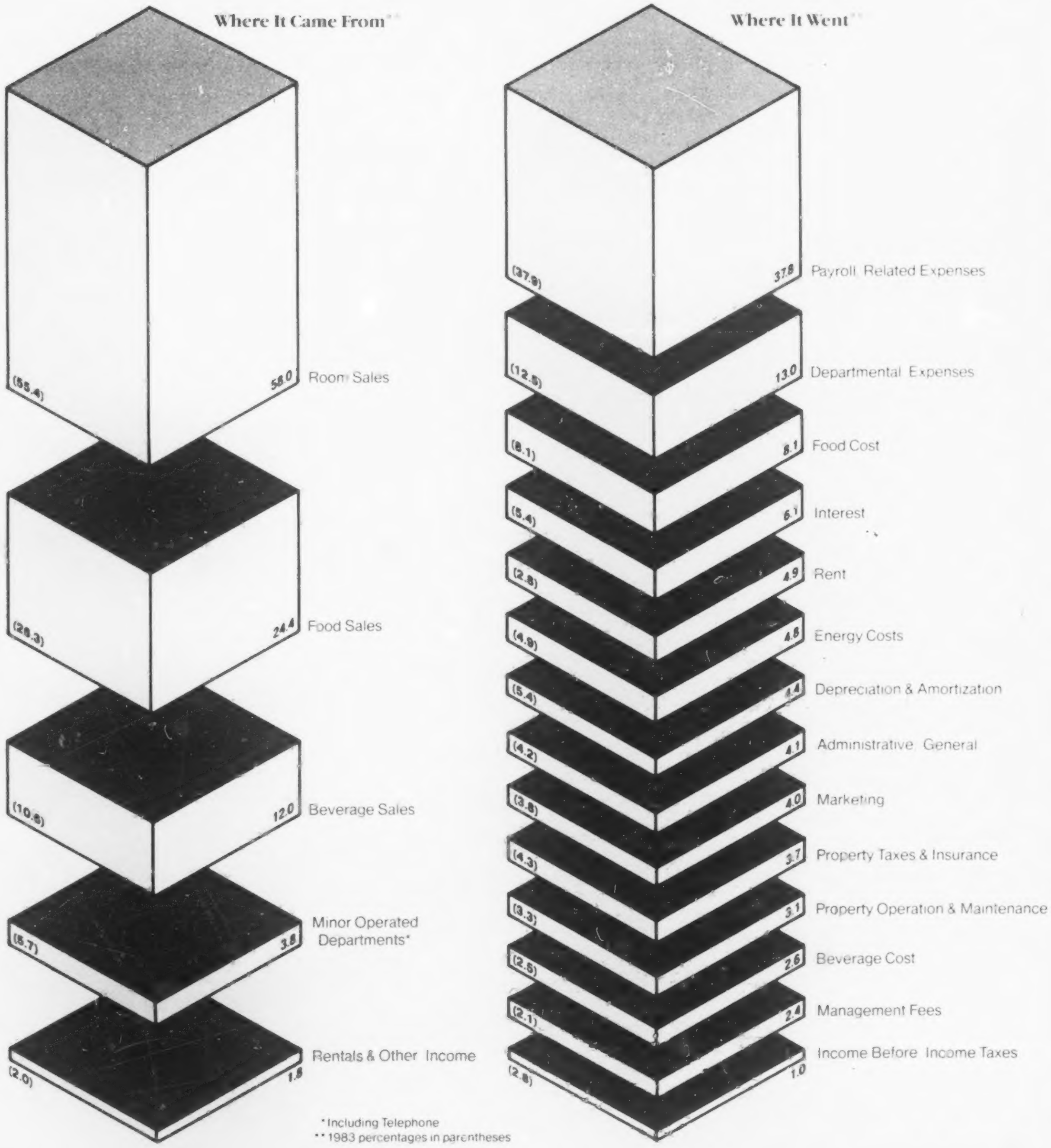
Exhibit III-3
Market Data*
North America

	Total Region	Canada	United States	Caribbean
Source of Business				
Domestic	78.4%	75.0%	88.6%	9.5%
Foreign	21.6	25.0	11.4	90.5
Percentage of Repeat Business	40.7	44.5	39.8	23.3
Composition of Market				
Government Officials	7.2	10.0	4.1	1.0
Business Travelers	31.9	29.5	37.4	10.3
Tourists	30.8	32.5	20.3	81.7
Conference Participants	22.4	19.8	30.3	4.5
Other	7.7	8.2	7.9	2.5
Percentage of Advance Reservations	82.1	79.2	86.1	77.6
Composition of Advance Reservations				
Direct	36.1	35.4	41.1	17.1
Reservation Systems	36.2	38.0	37.6	21.1
Travel Agents & Tour Operators	24.8	21.4	20.6	61.5
Other	2.9	5.2	0.7	0.3
Ratio of Travel Agent Commissions to Room Sales	1.5%	1.3%	1.7%	6.5%

*Arithmetic mean.

Chart 6

North America
Percentage Distribution of Revenue and Expenses



*Including Telephone

**1983 percentages in parentheses

bean properties were from foreign sources, while demand at both U.S. and Canadian properties resulted from domestic travel.

Presented in Exhibit III-4 is the nationality of guests. Predictably, Americans were the dominant source of business in their own country as well as in the Caribbean, while Canadians were the most frequent guests in their own country.

Exhibit III-4
Nationality of Guests—1984*
All Hotels—North America

	Rank		Total Region	Canada	United States	Caribbean
	1984	1983				
American	1	1	53.7%	24.8%	84.2%	54.7%
Canadian	2	2	35.9	70.3	4.1	11.3
Japanese	3	6	2.8	1.0	3.0	11.3
British	4	5	2.1	0.7	1.1	14.6
French	5	4	0.8	0.4	1.3	0.1
German	6	8	0.6	0.5	0.8	0.6
Other European	7	6	0.6	0.4	0.8	0.9
Italian	8	10	0.6	0.7	0.6	0.1
Mexican	8	11	0.6	0.1	1.2	0.0
Other African	10	15	0.5	0.1	0.1	4.0
Australasian	11	15	0.4	0.3	0.7	0.0
South American	12	3	0.4	0.1	0.6	0.4
Central American	13	8	0.2	0.1	0.5	0.0
Scandinavian	14	13	0.2	0.2	0.3	0.3
Other Asian	15	11	0.2	0.1	0.3	0.1
North African	15	17	0.2	0.1	0.1	1.6
Middle Eastern	17	15	0.2	0.1	0.3	0.0

*Arithmetic mean.

Performance measurements

Comparisons of total sales and income for the properties reporting from North America are presented in Exhibit III-5. Median total sales per available room rose for properties located within the U.S. and Canada, but fell rather sharply for Caribbean properties. However, the ratio of income before fixed charges to total sales increased significantly for properties in the Caribbean and slightly for those in Canada, but decreased for contributors in the U.S. This particularly illustrates why fluctuations in the U.S. dollar must be taken into account when comparing dollar amounts from year to year for countries other than the U.S. or countries whose currency is pegged to the U.S. dollar.

Exhibit III-5
Comparison of Sales and Profitability*
North America

	Total Region		Canada		United States		Caribbean	
	1984	1983	1984	1983	1984	1983	1984	1983
Amounts Per Available Room								
Total Sales	$24,108	$24,983	$20,559	$20,114	$29,817	$26,371	$29,566	$33,063
Income Before Fixed Charges	4,945	5,010	4,545	3,500	6,210	5,836	5,284	4,352
Net Income** or (Loss)	291	521	466	13	(73)	548	2,106	733
Ratio of Income Before Fixed Charges								
Room Sales	36.6%	37.5%	41.3%	43.5%	33.5%	37.0%	35.2%	33.5%
Total Sales	20.5	20.6	22.5	21.1	18.7	21.2	21.3	16.7
Number of Times Average Rate was Earned	94	97	98	96	90	97	100	99
Increase (Decrease)	(3.1)		2.1		(7.2)		1.0	

*All figures are medians.
**Before income tax.

Exhibit III-6
Occupancy, Double Occupancy, Room Rates*
North America

	Total Region		Canada		United States		Caribbean	
	1984	1983	1984	1983	1984	1983	1984	1983
Annual Room Occupancy	68.1%	62.9%	67.1%	58.8%	68.5%	63.7%	71.1%	68.1%
Number of Guests Per Room	1.42	1.50	1.42	1.48	1.40	1.48	1.91	1.93
Average Daily Rate								
Per Room (U.S. Dollars)	$56.88	$56.96	$43.74	$43.81	$74.01	$63.94	$57.14	$69.26
Per Guest (U.S. Dollars)	34.00	40.27	32.69	33.78	52.19	49.10	28.79	33.23

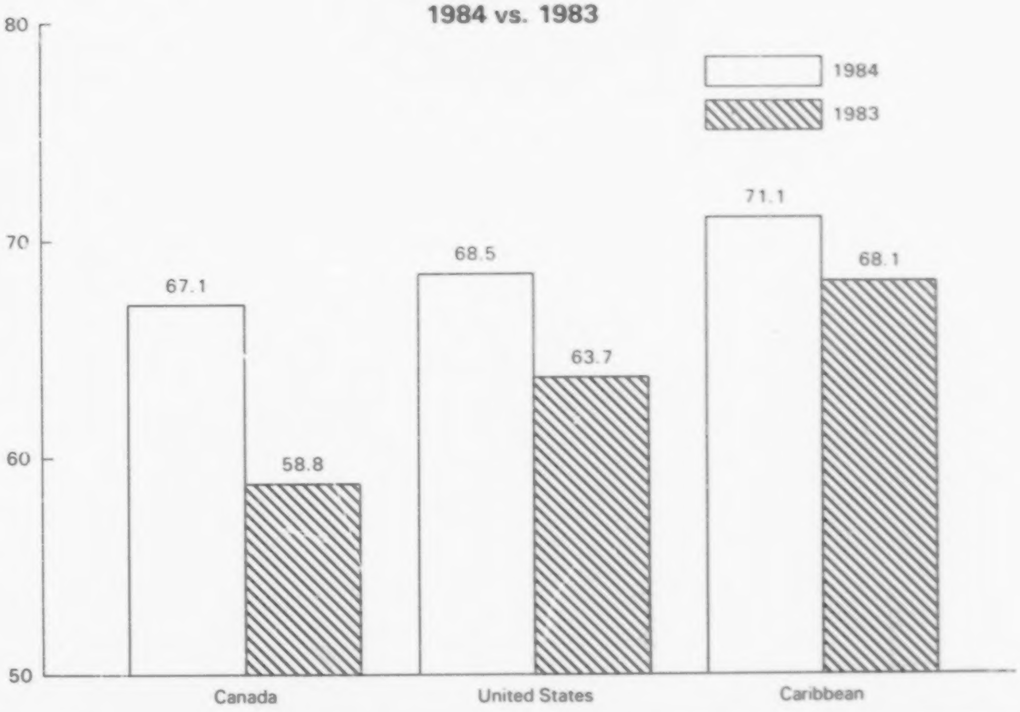
*All figures are medians.

Exhibit III-7
Composition of Sales*
North America

	Total Region	Canada	United States	Caribbean
Rooms	55.8%	52.7%	59.2%	54.0%
Food	25.1	25.6	24.6	25.3
Beverage	11.8	14.1	9.4	12.1
Telephone	2.2	2.3	2.3	1.2
Minor Operated Departments	1.7	1.6	1.8	1.0
Rentals & Other Income	3.4	3.7	2.7	6.4
Total	100.0%	100.0%	100.0%	100.0%

*Based on arithmetic mean.

Chart 7
Region III: North America
Occupancy Rates
1984 vs. 1983



Occupancy and average rate

One of the biggest indicators that, overall, 1984 was good year for North American properties was the dramatic rise in room occupancy. Canadian properties surveyed indicated an increase of 14.1 percent in occupancy, while U.S. hotels experienced a 7.5 percent increase followed by the Caribbean properties with a 4.4 percent increase. Caribbean properties had the highest average occupancy rate among the three subregion: 71.1 percent.

The median number of guests per room fell in all three regions and for the region as a whole. Average daily rates rose in only one subregion, the United States attributable in part to the strong U.S. dollar.

Chart 7 presents a comparison of occupancy rates from 1983-1984 for the three subregions presented in this section of the report.

Analysis of sales

According to responses from all three subregions, more than half of revenue for 1984 was derived from room sales, with United States hotels indicating the highest proportion with nearly 60 percent. Both Canadian and Caribbean properties showed a higher percentage of food and beverage sales than the U.S. properties. These figures are detailed in Exhibit III-7.

Presented in Exhibit III-8 are revenue and expenses for minor operated and other departments per available room and ratios to total sales. The telephone departments in all three regions showed net losses for the fourth consecutive year. In all three subregions, properties had net departmental income in both minor operated and rentals and other income.

Exhibit III-8

Minor Operated Departments and Other Income
Median Amounts Per Room and Ratios to Total Sales*
North America

	Total Region	Canada	United States	Caribbean
Telephone				
Amount Per Available Room				
Sales	$ 547	$ 445	$ 668	$ 240
Cost of Sales				
Cost of Calls	337	315	381	291
Equipment Rental	191	203	101	134
Total	491	475	559	346
Payroll & Related Expenses	184	144	218	92
All Other Expenses	11	6	18	6
Total Cost & Expenses	696	649	746	458
Net Departmental Income or (Loss)	(152)	(184)	(117)	(187)
Ratio to Total Sales				
Sales	2.2%	2.3%	2.2%	0.9%
Cost of Sales	2.1	2.5	1.9	1.6
Payroll & Related Expenses	0.7	0.7	0.8	0.5
Minor Operated Departments				
Amount Per Available Room				
Sales	$ 289	$ 335	$ 240	$ 215
Cost of Sales	101	151	95	75
Payroll & Related Expenses	195	190	199	197
Other Expenses	23	29	22	13
Total Costs & Expenses	232	259	232	191
Net Departmental Income	49	87	40	55
Ratio to Total Sales				
Sales	1.2%	1.6%	0.8%	1.1%
Cost of Sales	0.4	0.7	0.3	0.2
Payroll & Related Expenses	0.7	0.8	0.7	0.7
Rentals & Other Income				
Amount Per Available Room				
Space Rentals	$ 113	$ 73	$ 142	$ 245
Concessions	37	19	45	32
Commissions	22	22	18	64
Other	119	107	113	648
Total Rentals & Other Income	320	234	354	1,293
Ratio to Total Sales	1.2%	1.0%	1.1%	4.6%

*All figures are medians and do not necessarily add to totals shown.

Exhibit III-9
Food and Beverage Statistics*
North America

	Total Region	Canada	United States	Caribbean
Food Sales — By Facility				
Amount Per Available Room				
Dining Room	$3,621	$3,161	$3,618	$4,711
Room Service	421	359	577	243
Banquet	1,945	1,503	2,692	730
Bar/Lounge	194	204	164	316
Total	6,337	5,598	7,334	6,746
Ratio to Total Sales				
Dining Room	59.0%	61.1%	51.9%	90.0%
Room Service	6.9	6.9	8.0	3.7
Banquet	32.0	29.2	38.9	8.6
Bar/Lounge	3.4	3.6	2.3	4.2
Amount Per Seat				
Dining Room	$4,361	$3,978	$5,617	$6,077
Banquet	863	757	1,186	353
Bar/Lounge	508	469	836	**
Total	1,738	1,542	2,523	1,675
Average Check				
Dining Room	$ 7.46	$ 6.18	$ 8.44	$ 7.33
Room Service	5.87	4.83	7.30	6.11
Banquet	10.58	8.54	13.40	12.81
Total	8.37	6.78	9.57	7.03
Covers Served Per Seat				
Dining Room	608	709	565	545
Banquet	97	97	97	22

*All figures are medians and do not necessarily add to totals shown.
**Insufficient response.

Restaurant operations

Food and beverage statistics for those properties providing the detail are given in Exhibit III-9. Among the three subregions, hotels within the United States posted the largest amounts in total food sales per available room, food sales per seat and average check. Canadian properties posted the largest number of covers per seat and beverage sales per available room.

Exhibit III-9 (continued)
Food and Beverage Statistics*
North America

	Total Region	Canada	United States	Caribbean
Room Service Sales				
Per Occupied Room				
Food	$ 1.75	$ 1.40	$ 2.45	$ 1.03
Beverage	.58	.49	.79	.31
Total	2.25	1.88	2.97	1.33
Per Guest				
Food	$ 1.17	$ 1.05	$ 1.85	$ .71
Beverage	.39	.30	.78	.30
Total	1.61	1.37	2.63	1.39
Beverage Sales — By Facility				
Amount Per Available Room				
Dining Room	$ 814	$ 681	$ 910	$ 859
Room Service	136	110	179	55
Banquet	643	629	733	118
Bar/Lounge	1,216	1,254	1,077	1,990
Total	2,885	2,923	2,808	2,891
Ratio to Total Beverage Sales				
Dining Room	28.1%	23.3%	40.0%	29.0%
Room Service	5.3	4.8	6.4	2.3
Banquet	22.4	21.2	24.5	5.1
Bar/Lounge	43.6	49.3	37.8	55.1
Ratio to Food Sales				
Dining Room	22.9%	22.1%	25.5%	14.9%
Room Service	28.9	30.3	28.9	26.7
Banquet	30.8	37.7	24.3	38.9
Total (Including Bar/Lounge)	43.0	49.5	37.3	41.1
Amount Per Seat				
Dining Room	$ 801	$ 806	$1,020	$ 241
Banquet	304	317	296	37
Bar/Lounge	2,516	2,077	3,832	2,485
Total	923	908	1,019	604

Payroll and related expenses

An analysis of payroll, employee benefits and employment statistics is displayed in Exhibit III-10. United States properties showed much higher costs per employee than each of the other regions, however, total sales per employee were also significantly higher for U.S. establishments than for either Canadian or Caribbean properties. Also illustrated in the exhibit is the number of full-time equivalent employees per 100 available rooms for each department.

Exhibit III-10
Cash Payroll, Employee Benefits, Total Payroll and Employment Statistics*
North America

	Total Region	Canada	United States	Caribbean
Payroll & Related Expenses				
Amount Per Room Cash Payroll	$ 7,405	$ 5,876	$ 9,172	$ 5,123
Net Payroll & Related Expenses**	9,875	7,052	12,258	8,448
Employee Benefits — Ratio to Cash Payroll	30.3%	21.4%	35.6%	41.0%
Cost Per Employee				
Cash Payroll	$11,333	$ 9,418	$13,203	$ 5,384
Net Payroll & Related Expenses**	14,716	11,245	18,462	7,426
Employment Statistics				
Sales Per Employee				
Rooms	$64,273	$60,895	$71,550	$54,559
Food & Beverage	25,136	23,527	30,631	13,743
Telephone	47,407	47,265	54,538	15,044
Minor Departments	19,453	16,143	35,522	8,205
Total Sales Per Employee	$36,220	$30,565	$41,387	$25,623
Productivity Index				
1984	2.67	2.72	2.62	3.15
1983	2.72	2.72	2.71	2.68
Number of Full-Time Equivalent Employees Per 100 Available Rooms				
Rooms	20.7	19.1	21.4	25.9
Food & Beverage	35.4	30.7	35.5	53.3
Telephone	1.3	1.3	1.3	1.5
Minor Departments	2.5	2.9	1.8	4.4
Administrative & General	5.4	4.1	6.5	10.6
Marketing — Sales	1.6	1.4	2.1	0.4
Marketing — Other	0.4	0.7	0.3	0.5
Property Operation & Maintenance	3.4	3.1	3.0	10.3
Personnel	0.6	0.6	0.6	1.1
House Laundry	2.4	2.1	2.4	3.4
Other	1.3	1.8	1.2	2.3
Total	69.0	66.0	69.3	108.5

*Based on those supplying data. All figures are medians and do not necessarily add to totals shown.
**After credit for service charges.

Undistributed operating expenses

Exhibit III-11 presents an analysis of the undistributed operating expenses for the three geographic areas in the North American region. Cost per available room, ratio to room sales and ratio to total sales for 1984 are shown together with the percent change from 1983. United States and Canadian properties posted declines in all departments, as a ratio to total sales, with the exception of the marketing department where income was reported. Caribbean properties, on the other hand, indicated increases in all departments, as a ratio to total sales, with the exception of the administrative and general department.

Exhibit III-11
Analysis of Undistributed Operating Expenses* North America

	Total Region	Canada	United States	Caribbean
Administrative & General				
Cost Per Available Room				
Payroll & Related Expenses	$1,168	$ 900	$1,534	$1,443
Other	1,001	837	1,284	949
Total	2,169	1,693	2,912	2,020
Ratio to:				
Room Sales	15.5%	15.5%	16.6%	14.0%
Total Sales — 1984	8.6	8.0	9.1	8.2
Total Sales — 1983	9.6	8.8	9.7	10.0
Increase (Decrease)	(10.4)	(9.1)	(6.2)	(18.0)
Marketing				
Cost Per Available Room				
Payroll & Related Expenses	$ 382	$ 246	$ 552	$ 135
Other	1,032	679	1,292	1,245
Total	1,446	911	1,913	1,333
Ratio to:				
Room Sales	9.6%	8.5%	10.7%	10.5%
Total Sales — 1984	5.2	4.7	6.3	5.4
Total Sales — 1983	5.2	4.0	5.7	5.2
Increase (Decrease)	—	17.5	10.5	3.8
Energy Costs				
Cost Per Available Room	$1,187	$ 802	$1,552	$1,794
Ratio to:				
Room Sales	7.9%	7.5%	8.2%	11.4%
Total Sales — 1984	4.4	3.9	4.9	6.4
Total Sales — 1983	4.8	4.5	5.0	5.5
Increase (Decrease)	(8.3)%	(13.3)%	(2.0)%	16.4%
Property Operation & Maintenance				
Cost Per Available Room				
Payroll & Related Expenses	$ 651	$ 466	$ 814	$ 989
Other	708	584	842	1,175
Total	1,404	1,003	1,797	2,063
Ratio to:				
Room Sales	10.2%	9.9%	9.9%	14.7%
Total Sales — 1984	5.4	5.2	5.5	8.1
Total Sales — 1983	5.9	5.6	6.0	7.3
Increase (Decrease)	(8.5)%	(7.1)%	(8.3)%	11.0%

*All figures are medians and do not necessarily add to totals shown.
— No change.

Exhibit III-12
Energy Costs Per Occupied Room Per Day*
North America

	Total Region	Canada	United States	Caribbean
Fuel	$1.18	$1.17	$1.22	$ 1.40
Electricity	3.00	1.72	4.29	4.59
Water	0.43	0.28	0.48	1.13
Steam	2.14	1.93	2.44	**
Credit for Sale of Energy	0.12	0.28	0.08	0.54
Net Energy Cost — 1984	$4.87	$3.42	$6.63	$ 7.10
Net Energy Cost — 1983	$5.71	$4.03	$6.26	$10.70
Increase (Decrease)	(14.7)%	(15.1)%	5.9%	(33.6)%

*All figures are medians and do not necessarily add to totals shown.
**Insufficient response.

Exhibit III-13
Method of Payment for Hotel Services*
North America

	Total Region	Canada	United States	Caribbean
Cash	25.9%	29.9%	23.0%	20.0%
Credit Card	44.5	45.9	48.3	21.6
Travel Agents & Tour Operators	10.7	7.1	7.5	47.7
All Other Credit	18.5	17.1	21.2	10.7

*Based on arithmetic mean.

Exhibit III-14
Credit Card Commission
Annual Cost Per Occupied Room*
North America

	Total Region	Canada	United States	Caribbean
Annual Cost Per Occupied Room	$303	$216	$419	$1,095
Ratio to Total Sales	0.8%	0.6%	0.9%	4.0%

*All figures are medians.

Energy costs per occupied room per day dropped in 1984 from 1983 for the properties surveyed in both Canada and the Caribbean. U.S. properties reported a small increase in energy costs for the same time span. These costs are detailed in Exhibit III-12.

Credit and collection data

Hotels in both the U.S. and Canada reported nearly half of all guest accounts were settled with credit cards in 1984. Business travelers in both these subregions have a definite preference for this method of payment. Travel agents and tour operators settled the largest proportion of guest accounts for Caribbean properties, reflecting the high volume of tourist travelers to these properties. This information is shown in detail in Exhibit III-13.

Exhibit III-14 illustrates the impact of credit card use for the lodging properties surveyed. Credit card commissions as an annual amount per occupied room and as a ratio to total sales had a more severe impact on Caribbean establishments than on the other two subregions.

Fixed charges

Shown in Exhibit III-15 is a comparison by area of median amounts per available room and ratios to total sales of fixed charges, which includes rent, property taxes, insurance on building and contents, interest and depreciation. Caribbean properties reported a sharp decline in the ratio of fixed charges to total sales during 1984 compared with 1983. Canadian and U.S. properties, on the other hand, showed significant increases in this ratio when comparing both years.

Balance sheet statistics

The typical liquidity ratios, those used to measure the extent to which a company can cover current obligations, are listed in Exhibit III16. The current position of reporting properties in each of the subregions increased in 1984.

Exhibits III-17 and III-18 are detailed statements of income and expenses presented as median amounts per available room and ratios to total sales for the region and subregions. These analyses include management fees as a separate line item.

Exhibit III-15
Fixed Charges—Median Amounts Per Room and Ratio to Total Sales*
North America

	Total Region	Canada	United States	Caribbean
Amount Per Room				
Rent	$ 536	$ 424	$ 536	$1,062
Property Taxes	957	1,079	856	163
Insurance on Buildings & Contents	66	49	102	190
Interest Expense	1,546	1,452	2,911	306
Depreciation & Amortization	1,289	1,082	2,209	731
Total Fixed Charges	4,323	3,518	7,011	2,091
Ratio to Total Sales—1984	18.6%	17.3%	22.7%	8.4%
Ratio to Total Sales—1983	15.4	15.1	17.4	11.4
Increase (Decrease)	20.8	14.6	30.5	(26.3)

*All figures are medians and do not necessarily add to totals shown.

Exhibit III-16
Balance Sheet Statistics—Liquidity Ratios*
North America

	Total Region	Canada	United States	Caribbean
Current Position:				
Ratio of Current Assets to Current Liabilities	$ 1.07	$1.92	$ 1.05	$ 3.38
Accounts Receivable:				
Amount Per Room	$1,328	$ 732	$1,707	$1,965
Ratio to Total Sales	5.0%	3.5%	6.4%	9.1%
Food Inventory				
Amount Per Room	$ 106	$ 92	$ 115	$ 180
Annual Turnover	24.8	26.3	24.9	9.2
Beverage Inventory				
Amount Per Room	$ 116	$ 107	$ 122	$ 113
Annual Turnover	6.0	6.9	5.3	3.5
Operating Supplies Inventory				
Amount Per Room	$ 214	$ 165	$ 252	$ 902

*All figures are medians.

Exhibit III-17
Statement of Income and Expenses Median Amounts Per Available Room* North America

	Total Region	Canada	United States	Caribbean
Rooms				
Sales	$13,511	$11,066	$18,353	$15,002
Departmental Expenses				
Payroll & Related Expenses	2,541	2,141	3,269	1,713
Other	1,294	1,033	1,709	1,795
Total	3,824	3,170	5,237	4,264
Departmental Income	9,617	8,283	13,579	11,089
Food & Beverage				
Sales				
Food	6,337	5,598	7,334	6,747
Beverage	2,885	2,923	2,808	2,891
Total	9,205	8,648	10,186	9,513
Cost of Sales				
Food	2,223	1,972	2,484	2,361
Beverage	757	953	595	676
Total	3,033	2,953	3,048	2,866
Gross Profit	6,289	5,374	7,189	6,878
Public Room Sales	236	305	183	37
Other Income	130	130	161	91
Gross Profit & Other Income	6,769	5,826	7,508	6,912
Departmental Expenses				
Payroll & Related Expenses	4,252	3,361	5,104	3,159
Other	1,132	945	1,348	1,024
Total	5,453	4,393	6,724	3,796
Departmental Income	1,187	1,187	1,136	1,956
Telephone Departmental Income	(152)	(183)	(117)	(187)
Net Income From Minor Operated Departments	49	87	40	55
Rentals & Other Income	320	234	354	1,293
Gross Income	11,887	9,478	15,074	14,734
Undistributed Operating Expenses				
Administrative & General				
Payroll & Related Expenses	1,168	900	1,534	1,443
Other	1,001	837	1,284	949
Total	2,169	1,693	2,912	2,020
Marketing	1,446	911	1,913	1,333
Energy Costs	1,187	802	1,552	1,794
Property Operation & Maintenance	1,404	1,003	1,797	2,063
Total Undistributed Expenses	6,332	4,401	8,383	6,871
Income Before Management Fees	5,714	4,925	7,273	6,454
Management Fees	808	644	966	1,130
Income Before Fixed Charges	4,945	4,545	6,210	5,284
Property Taxes and Insurance	1,023	1,128	957	354
Income Before Interest and Depreciation	$ 2,902	$ 2,715	$ 2,902	$ 3,627

*All figures are medians and do not necessarily add to totals shown.

Exhibit III-18
Ratio to Total Sales*
North America

All ratios are based on total sales except those of the rooms and food and beverage departments. Cost of sales is shown as a percentage of the corresponding sales. Food and beverage departmental expense ratios are based on the combined food and beverage sales.

	Total Region	Canada	United States	Caribbean
Rooms				
Sales	100.0%	100.0%	100.0%	100.0%
Departmental Expenses				
Payroll & Related Expenses	19.1	19.6	19.1	12.3
Other	9.7	9.4	9.7	13.5
Total	28.3	28.6	28.6	26.1
Departmental Income	71.7	71.4	71.4	73.9
Ratio to Total Sales	40.0	36.5	42.1	38.9
Food & Beverage				
Sales				
Food	70.1	66.9	72.9	70.9
Beverage	30.1	33.1	27.2	29.1
Total	100.0	100.0	100.0	100.0
Cost of Sales				
Food	34.8	35.1	33.2	36.3
Beverage	27.9	31.1	21.6	23.5
Total	32.2	33.7	29.9	33.0
Gross Profit	67.8	66.3	69.9	67.0
Public Room Sales	3.1	3.7	1.9	0.4
Other Income	1.4	1.6	1.4	1.3
Gross Profit & Other Income	71.4	70.9	73.9	69.0
Departmental Expenses				
Payroll & Related Expenses	45.6	43.8	48.1	37.9
Other	12.2	11.1	12.9	14.0
Total	57.7	55.5	61.4	49.7
Departmental Income	13.8	15.6	12.5	19.2
Ratio to Total Sales	5.4	6.0	4.2	6.3
Telephone Departmental Profit	(0.7)	(0.8)	(0.3)	(0.9)
Net Income From Minor Operated Departments	0.2	0.4	0.1	0.3
Rentals & Other Income	1.2	1.0	1.1	4.6
Gross Income	46.5	44.9	47.9	52.0
Undistributed Operating Expenses				
Administrative & General				
Payroll & Related Expenses	4.6	4.2	4.7	5.3
Other	4.0	3.9	4.5	3.3
Total	8.6	8.0	9.1	8.2
Marketing	5.2	4.7	6.3	5.4
Energy Costs	4.4	3.9	4.9	6.4
Property Operation & Maintenance	5.4	5.2	5.5	8.1
Total Undistributed Expenses	24.0	22.0	25.6	29.6
Income Before Management Fees	22.7	23.1	21.9	23.5
Management Fees	3.1	3.1	3.0	5.7
Income Before Fixed Charges	20.5	22.5	18.7	21.3
Property Taxes and Insurance	4.5	5.9	3.0	1.4
Income Before Interest and Depreciation	13.5%	15.8%	11.0%	15.4%

---

*All figures are medians and do not necessarily add to totals shown.

Region III
Currency Conversion Tables
1984 vs. 1983 Percentage of Change
North America

	1984 Factor [$US/(x)]	1983 Factor [$US/(x)]	Percentage of Change
Subregion 1—Canada			
Canada	0.75677	0.80360	(5.8)%
Subregion 2--United States			
United States	1.00000	1.00000	0%
Subregion 3—Caribbean			
Bahamas	1.00000	1.00000	0%
Barbados	0.49719	0.49719	0%
Bermuda	1.00000	1.00000	0%
Guadeloupe	0.10425	0.11980	(13.0)%
Jamaica	0.20284	0.32000	(36.6)%
Netherland Antilles	0.55556	0.55556	0%
Puerto Rico	1.00000	1.00000	0%
Trinidad & Tobago	0.41667	0.41667	0%
British Virgin Islands	1.15650	1.45060	(20.3)%
U.S. Virgin Islands	1.00000	1.00000	0%

Source: *International Financial Statistics*, December 1984, December 1983.

REGION IV: EUROPE

Profile of contributors

The financial and statistical analysis of the European contributors to this study is presented in this fourth section. The European subregions are Continental Europe, Scandinavia and the United Kingdom. Exhibit IV-1 profiles the typical Region IV contributor, and the highlights of the analysis of operating results are shown in Exhibit IV-2.

Room occupancy increased 1.8 percent for the region during 1984 compared with 1983. Although both total revenues and the average daily rate decreased, unfavorable exchange rates contributed heavily to these declines, and a more important figure to examine might be the 7.6 percent increase during the year for income before income taxes. Chart 8 presents the source and expense distribution of the lodging dollar for Europe. Hotels in this region derived over half their revenue from room sales and another quarter from food sales. The distribution of the dollar shows higher profit margins as income before taxes rose to 14.2 percent of the lodging dollar.

Market data for European hotels is detailed in Exhibit IV-3. As shown, hotel guests in Continental Europe were predominantly foreign travelers, while domestic sources provided the majority of hotel patrons in Scandinavian and United Kingdom properties. Business travelers provided the largest market segment for all three subregions. Also, in all three subregions, a very high percentage of hotel guests made advance reservations.

The nationality of European hotel guests is listed in Exhibit IV-4. The British, as in 1983, ranked first among all the other nationalities. German and American travelers each comprised 17.8 percent of the total to rank second and third respectively.

Exhibit IV-1
General Profile of Typical Contributor Based on Various Measures of Central Tendency
Europe

Criteria	Category of Typical Contributor
Age	Built after 1969
Size	Between 150–299 rooms
Occupancy	60%–69%
Average Rate	Less than $25.00 (U.S.)
Sales Volume	$4 million to $6 million (U.S.)
Restaurant Operation	Operates a restaurant in which the volume of food and beverage sales is between 75% and 99% of room sales
Other	
Location	Urban
Market	Other than tourist
Rating	First class
Management	Chain affiliated; reported net income before tax in 1984

Exhibit IV-2
Highlights*
Europe

- Total revenue decreased 9.5 percent on a per room basis.
- Room occupancy increased 1.8 percent in 1984.
- The average daily rate per occupied room was $34.04, a decline of 12.6 percent from 1983.
- Payroll and related expenses per room dropped 12.1 percent from $11,521 to $10,125 in 1984.
- Income before income taxes rose 7.6 percent on a per room basis.

*Based on medians.

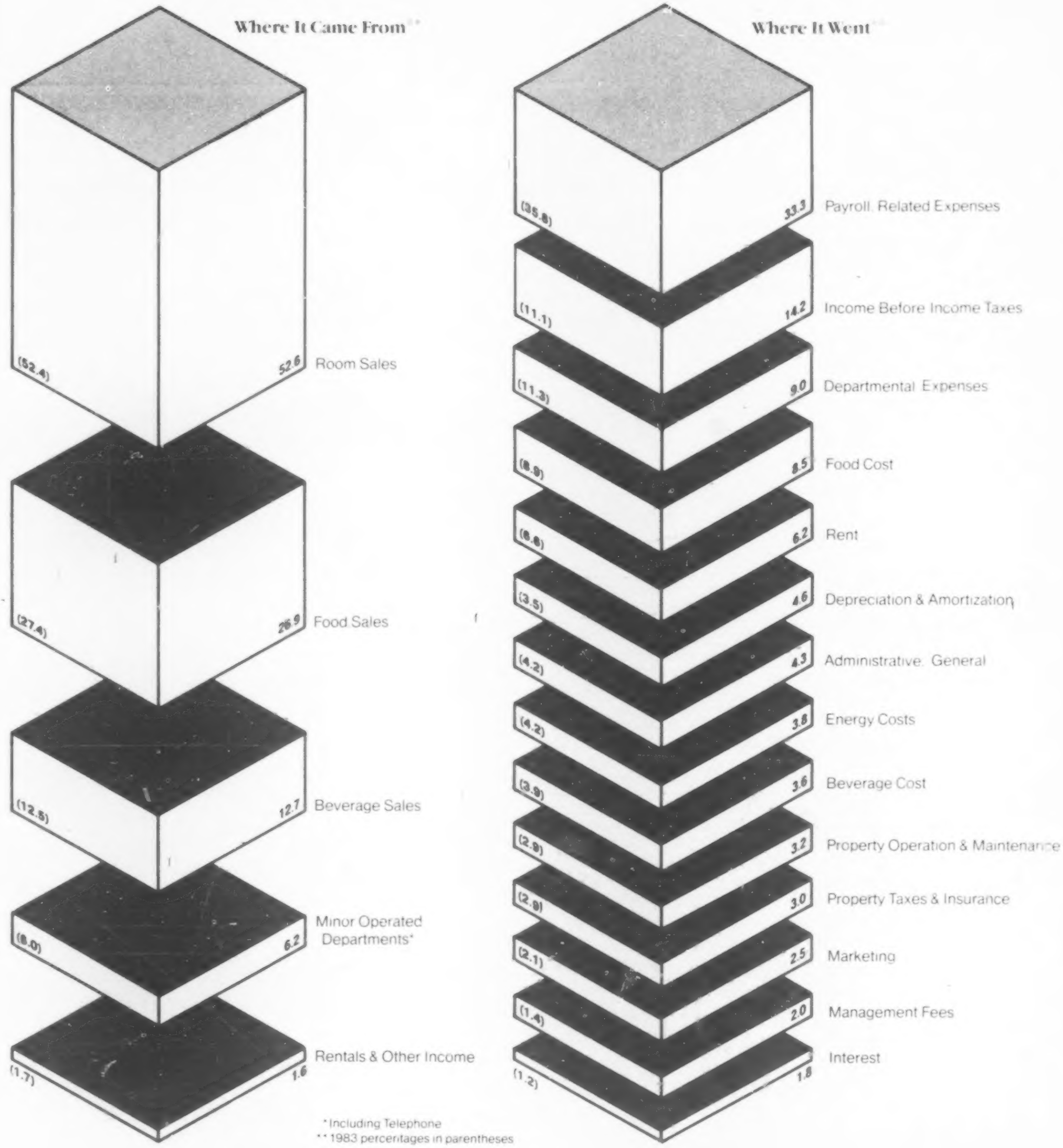
Exhibit IV-3
Market Data*
Europe

	Total Region	Continental Europe	Scandanavia	United Kingdom
Source of Business				
Domestic	44.7%	35.0%	63.2%	53.1%
Foreign	55.3	65.0	36.8	46.9
Percentage of Repeat Business	35.6	34.2	39.5	40.5
Composition of Market				
Government Officials	3.2	4.3	0.3	1.6
Businessmen	47.5	44.7	57.4	51.1
Tourists	25.2	26.8	17.3	24.2
Conference Participants	14.6	14.4	19.7	12.4
Other	9.5	9.8	5.3	10.7
Percentage of Advance Reservations	88.6	87.5	94.1	86.1
Composition of Advance Reservations				
Direct	40.4	41.5	**	35.9
Reservation Systems	24.2	23.5	**	30.9
Travel Agents & Tour Operators	29.4	29.1	**	27.5
Other	6.0	5.9	**	5.7
Ratio of Travel Agent Commissions to Room Sales	1.5%	1.5%	2.0%	1.5%

*Arithmetic mean.
**Insufficient response.

Chart 8

Europe
Percentage Distribution of Revenue and Expenses



*Including Telephone
**1983 percentages in parentheses

Exhibit IV-4
Nationality of Guests—1984*
All Hotels—Europe

	Rank		Total Region	Continental Europe	Scandanavia	United Kingdom
	1984	1983				
British	1	1	18.9%	10.2%	4.1%	49.7
German	2	4	17.8	27.8	3.6	2.4
American	3	2	17.8	18.3	8.5	23.6
Scandinavian	4	3	15.2	3.7	73.8	2.4
Other European	5	5	8.2	11.4	3.5	3.5
French	6	6	5.2	7.7	1.2	2.0
Japanese	7	8	3.2	4.1	1.3	2.5
Middle Eastern	8	7	3.0	3.3	1.0	3.6
Italian	9	9	2.7	3.8	1.0	1.1
Canadian	10	10	2.1	2.4	0.4	3.1
Other Asian	11	11	1.7	2.0	0.4	2.5
Other African	12	12	1.0	1.2	0.2	0.8
Australasian	13	13	0.9	0.9	0.4	1.4
South American	14	14	0.8	1.2	0.2	0.4
North African	15	15	0.7	0.8	0.2	0.6
Central American	16	16	0.6	0.9	0.1	0.3
Mexican	17	17	0.2	0.3	0.1	0.1

*Arithmetic mean.

Performance measurements

Exhibit IV-5 presents a comparison of sales and profitability for the hotels in the region. Ratios of income before fixed charges to room sales and total sales increased for the total region, and in all three separate subregions. The number of times the average rate was earned also increased not only for the total region, but also for the three subregions. These ratios indicate the strong year European hotels experienced in 1984.

Occupancy rates

Room occupancy and rate information is displayed for the hotels surveyed in Exhibit IV-6. Hotels in the United Kingdom indicated a slight decline in occupancy rates, while those surveyed in Continental Europe and Scandinavia showed increases. The average daily rate per room and per guest declined for the total region; however, unfavorable exchange

Exhibit IV-5
Comparison of Sales and Profitability*—Europe

	Total Region		Continental Europe		Scandinavia		United Kingdom	
	1984	1983	1984	1983	1984	1983	1984	1983
Amounts Per Available Room								
Total Sales	$17,037	$18,832	$18,999	$20,250	$19,343	$17,251	$15,913	$18,639
Income Before Fixed Charges	4,719	4,655	4,057	4,318	5,313	4,285	4,540	5,294
Net Income** or (Loss)	$ 2,564	$ 2,383	$ 909	$ 1,098	1,728	$ 1,829	2,794	$ 3,466
Ratio of Income Before Fixed Charges								
Room Sales	54.6%	49.4%	41.7%	41.3%	55.5%	49.1%	64.1%	58.1%
Total Sales	26.3	24.6	22.5	21.7	25.0	21.7	28.4	28.0
Number of Times Average Rate Was Earned	133	120	110	104	134	116	150	134
Increase (Decrease)	10.8%		5.8%		15.5		11.9%	

*All figures are medians. **Before income tax.

Exhibit IV-6
Occupancy, Double Occupancy, Room Rates*—Europe

	Total Region		Continental Europe		Scandinavia		United Kingdom	
	1984	1983	1984	1983	1984	1983	1984	1983
Annual Room Occupancy	66.6%	65.4%	69.4%	67.5%	66.6%	64.2%	63.0%	63.7%
Number of Guests Per Room	1.32	1.31	1.37	1.34	1.28	1.30	1.30	1.30
Average Daily Rate								
Per Room (U.S. Dollars)	$34.04	$38.96	$39.17	$42.75	$36.44	$35.08	$29.66	$37.35
Per Guest (U.S. Dollars)	26.56	28.96	30.55	34.84	27.79	27.13	21.81	27.97

*All figures are medians.

rates used for this report should be considered. For further discussion on exchange rates see Appendix II page 104.

Chart 9 presents the 1984 and 1983 occupancy rates for each of the subregions in this section.

Analysis of sales

For the third consecutive year, Continental European properties derived a larger portion of revenue from room sales than did Scandinavian and United Kingdom establishments. United Kingdom properties indicated the largest percent of revenue due to food sales with nearly 30 percent. Exhibit IV-7 presents this data in further detail.

Exhibit IV-7
Composition of Sales*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Rooms	49.9%	54.2%	46.3%	47.0%
Food	27.6	25.2	26.2	29.9
Beverage	15.0	11.3	18.5	17.4
Telephone	2.9	4.7	3.2	2.4
Minor Operated Departments	1.7	1.6	5.0	2.1
Rentals & Other Income	2.9	3.0	0.8	1.2
Total	100.0%	100.0%	100.0%	100.0%

*Based on arithmetic mean.

Chart 9
Region IV: Europe Occupancy Rates
1984 vs. 1983

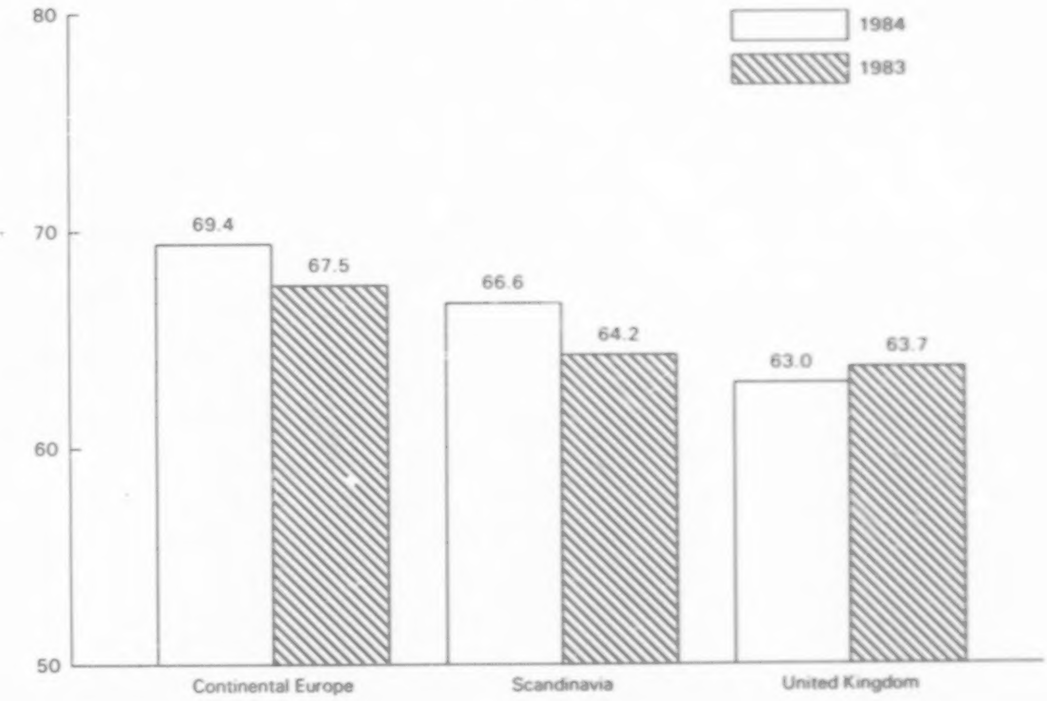


Exhibit IV-8
Minor Operated Departments and Other Income Median Amounts Per Room and Ratios to Sales*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Telephone				
Amount Per Available Room				
Sales	$514	$955	$516	$355
Cost of Sales				
Cost of Calls	360	584	454	265
Equipment Rental	66	44	61	90
Total	348	600	269	296
Payroll & Related Expenses	119	138	160	110
All Other Expenses	5	6	7	4
Total Cost & Expenses	428	746	287	334
Net Departmental Income or (Loss)	$ 51	$ 181	$280	$(19)
Ratio to Total Sales				
Sales	3.1%	4.6%	2.8%	2.1%
Cost of Sales	2.1	2.9	1.4	1.9
Payroll & Related Expenses	0.6%	0.7%	0.7%	0.6%
Minor Operated Departments				
Amount Per Available Room				
Sales	$264	$ 311	$283	$240
Cost of Sales	117	119	44	123
Payroll & Related Expenses	99	88	206	181
Other Expenses	11	7	39	13
Total Costs & Expenses	169	190	198	155
Net Departmental Income	$ 96	$ 96	$ 99	$ 97
Ratio to Total Sales				
Sales	1.5%	1.6%	[illegible]	1.5%
Cost of Sales	0.6	0.5	0.3	0.8
Payroll & Related Expenses	0.5%	0.4%	1.3%	0.6%
Rentals & Other Income				
Amount Per Available Room				
Space Rentals	$ 77	$ 89	$117	$ 45
Concessions	55	54	5	56
Commissions	14	29	27	3
Other	169	168	95	189
Total Rentals & Other Income	$175	$ 316	$109	$106
Ratio to Total Sales	1.0%	1.5%	0.4%	0.7%

*All figures are medians and do not necessarily add to totals shown.

Presented in Exhibit IV-8 is an analysis of revenue and expenses for telephone and other minor operated departments on the basis of amounts per available room and as a ratio to total sales. The United Kingdom was the only subregion with a median net loss in the telephone department. Each subregion showed a net income for the other departments examined in this exhibit.

Exhibit IV-9
Food and Beverage Statistics*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Food Sales—By Facility				
Amount Per Available Room				
Dining Room	$2,875	$2,750	$5,161	$3,323
Room Service	527	550	347	527
Banquet	1,188	1,168	1,276	1,189
Bar/Lounge	126	117	106	141
Total	$4,743	$4,367	$5,043	$4,863
Ratio to Total Food Sales				
Dining Room	63.8%	61.0%	73.5%	63.7%
Room Service	9.9	11.1	5.9	9.7
Banquet	24.4	26.9	20.1	22.7
Bar/Lounge	2.3%	2.2%	2.4%	2.8%
Amount Per Seat				
Dining Room	$4,527	$4,523	$5,632	$4,819
Banquet	734	772	698	672
Bar/Lounge	299	295	**	440
Total	$1,894	$1,835	$1,991	$2,801
Average Check				
Dining Room	$ 6.41	$ 6.37	$ 6.66	$ 6.54
Room Service	4.72	5.07	4.78	3.74
Banquet	8.38	7.78	**	9.50
Total	$ 6.56	$ 6.47	$ 6.69	$ 6.96
Covers Served Per Seat				
Dining Room	660	634	925	746
Banquet	89	97	67	80

*All figures are medians and do not necessarily add to totals shown.
**Insufficient response.

Restaurant operations

Food and beverage statistics for those European hotels providing the detail is presented in Exhibit IV-9. Food sales per available room and per seat by restaurant are given together with the average sale per customer (average check) and number of persons served (covers) per seat. United Kingdom properties had slightly higher sales per customer than the other two subregions.

Exhibit IV-9 (continued)
Food and Beverage Statistics*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Room Service Sales				
Per Occupied Room				
Food	$ 2.00	$ 2.00	$ 1.34	$ 2.13
Beverage	.63	.63	.61	.64
Total	$ 2.54	$ 2.41	$ 1.64	$ 2.86
Per Guest				
Food	$ 1.51	$ 1.53	$ 1.30	$ 1.52
Beverage	.51	.55	.54	.49
Total	$ 1.92	$ 1.79	$ 1.84	$ 2.02
Beverage Sales — By Facility				
Amount Per Available Room				
Dining Room	$ 674	$ 653	$1,446	$ 694
Room Service	157	159	150	168
Banquet	587	537	670	680
Bar/Lounge	859	806	1,452	1,104
Total	$2,366	$1,972	$3,703	$2,766
Ratio to Total Beverage Sales				
Dining Room	29.5%	31.0%	39.0%	26.0%
Room Service	6.8	7.6	5.0	6.3
Banquet	25.4	25.4	21.4	25.4
Bar/Lounge	33.9%	30.6%	35.6%	39.8%
Ratio to Food Sales				
Dining Room	23.5%	24.4%	28.0%	21.7%
Room Service	28.4	24.6	40.8	30.2
Banquet	49.7	46.0	58.7	51.4
Total (Including Bar/ Lounge)	47.7%	44.8%	74.7%	51.4%
Amount Per Seat				
Dining Room	$ 975	$ 970	$1,160	$ 978
Banquet	348	351	384	344
Bar/Lounge	2,242	2,241	4,328	1,464
Total	$ 985	$ 916	$1,297	$1,257

Payroll and related expenses

An analysis of payroll, employment benefits and employment statistics is displayed in Exhibit IV-10. Scandinavian properties had the highest costs per employee, although they also showed the highest total sales per employee. The productivity index was higher for all three subregions in 1984 than in 1983. This index is calculated by dividing total sales by net payroll and related expenses.

Exhibit IV-10

Cash Payroll, Employee Benefits, Total Payroll and Employment Statistics*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Payroll & Related Expenses				
Amount Per Room Cash Payroll	$ 5,517	$ 5,520	***	$ 4,779
Net Payroll & Related Expenses**	5,451	7,007	6,778	4,688
Employee Benefits — Ratio to Cash Payroll	42.8%	48.4%	24.2%	31.1%
Cost Per Employee				
Cash Payroll	$ 7,574	$ 7,734	$ 9,513	$ 6,211
Net Payroll & Related Expenses**	10,125	10,477	11,982	8,171
Employment Statistics				
Sales Per Employee				
Rooms	$47,582	$45,957	$55,219	$41,343
Food & Beverage	22,036	21,787	29,266	20,675
Telephone	72,247	77,721	69,438	36,160
Minor Departments	31,593	30,191	27,782	35,250
Total Sales Per Employee	$29,151	$28,016	$34,235	$27,190
Productivity Index				
1984	3.10	2.74	2.80	3.37
1983	2.79	2.67	2.60	3.16
Number of Full-Time Equivalent Employees Per 100 Available Rooms				
Rooms	22.7	22.7	15.6	26.5
Food & Beverage	35.8	35.8	32.3	38.7
Telephone	1.6	1.4	1.6	1.9
Minor Departments	1.2	1.1	4.6	1.1
Administrative & General	7.0	7.0	3.5	6.9
Marketing — Sales	1.4	1.4	1.5	1.4
Marketing — Other	0.4	0.4	***	0.4
Property Operation & Maintenance	3.5	3.5	1.4	3.6
Personnel	1.0	1.0	0.4	1.0
House Laundry	3.1	3.0	4.9	2.1
Other	0.4	0.5	***	0.4
Total	72.6	71.3	62.7	79.1

*Based on those supplying data. All figures are medians and do not necessarily add to totals shown.
**After credit for service charges.
***Insufficient response.

Undistributed operating expenses

Exhibit IV-11 presents an analysis of the undistributed operating expenses for the total region and the three geographic subregions. In both the United Kingdom and Scandinavia, expenses increased in relation to total sales for the administrative and general department and the marketing department, while expenses to total sales decreased in the energy and property operation and maintenance departments. Continental Europe properties, on the other hand, showed decreases in expenses to total sales in all departments except energy.

Exhibit IV-11
Analysis of Undistributed Operating Expenses* Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Administrative & General				
Cost Per Available Room				
Payroll & Related Expenses	$ 852	$1,0046	$ 706	$ 789
Other	786	776	846	720
Total	$1,530	$1,665	$1,473	$1,480
Ratio to:				
Room Sales	17.6%	16.9%	15.7%	20.6%
Total Sales — 1984	8.8	8.6	7.6	9.1
Total Sales — 1983	8.6	8.9	6.8	8.6
Increase (Decrease)	2.3%	(3.4)%	11.8%	5.8%
Marketing				
Cost Per Available Room				
Payroll & Related Expenses	$ 202	$ 228	$ 249	$ 137
Other	472	568	440	439
Total	$ 528	$ 731	$ 621	$ 405
Ratio to:				
Room Sales	6.1%	6.9%	6.1%	5.9%
Total Sales — 1984	3.1	3.7	2.2	2.8
Total Sales — 1983	3.1	3.8	2.0	2.7
Increase (Decrease)	—	(2.6%)	10.0%	3.7%
Energy Costs				
Cost Per Available Room	$ 711	$ 847	$ 727	$ 626
Ratio to:				
Room Sales	8.4%	8.7%	8.0%	9.0%
Total Sales — 1984	4.0	4.6	3.7	3.9
Total Sales — 1983	4.3	4.5	3.9	4.3
Increase (Decrease)	(7.0)%	2.2%	(5.1)%	(9.3)%
Property Operation & Maintenance				
Cost Per Available Room				
Payroll & Related Expenses	$ 318	$ 433	$ 230	$ 252
Other	515	582	540	442
Total	$ 722	$ 973	$ 840	$ 572
Ratio to:				
Room Sales	8.2%	9.5%	7.3%	7.9%
Total Sales — 1984	4.3	5.2	2.8	3.5
Total Sales — 1983	4.8	6.1	3.7	4.6
Increase (Decrease)	(10.4)%	(14.8)%	(24.3)%	(23.9)%

*All figures are medians and do not necessarily add to totals shown.
— No change.

Exhibit IV-12
Energy Costs Per Occupied Room Per Day*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Fuel	$1.03	$ .84	$1.74	$1.25
Electricity	1.55	1.68	1.01	1.69
Water	0.39	0.49	0.38	0.25
Steam	1.15	1.25	.86	.56
Credit for Sale of Energy	.17	.18	.06	.09
Net Energy Cost—1984	$2.93	$3.58	$2.95	$2.72
Net Energy Cost—1983	$3.73	$3.86	$3.04	$3.78
Increase (Decrease)	(21.4)%	(7.3)%	(3.0)%	(28.0)%

*All figures are medians and do not necessarily add to totals shown.

Exhibit IV-13
Method of Payment for Hotel Services*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Cash	27.6%	31.5%	23.3%	23.5%
Credit Card	35.0	31.7	41.6	38.8
Travel Agents & Tour Operators	16.2	18.5	14.2	11.0
All Other Credit	21.2%	18.3%	20.9%	26.7%

*Based on arithmetic mean.

Exhibit IV-14
Credit Card Commission
Annual Cost Per Occupied Room*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Annual Cost Per Occupied Room	$181	$248	$251	$169
Ratio to Total Sales	0.7%	0.8%	0.9%	0.7%

*All figures are medians.

Energy costs per occupied room per day is displayed in detail in Exhibit IV-12. Costs on a per day basis fell for the region as a whole and for the three individual subregions. Energy costs declined most in the United Kingdom—28 percent.

Credit and collection data

As displayed in Exhibit IV-13, credit cards were used more often than any other means of settling guests accounts in all three subregions. Scandinavia indicated the highest use of credit cards and the highest annual cost per occupied room for credit card commissions, as detailed in Exhibit IV-14.

Fixed charges

Information on fixed charges by amount per room and as a ratio to total sales is provided in Exhibit IV-15. Fixed costs as a ratio to total sales sharply declined for United Kingdom properties, while Continental Europe establishments indicated a slight increase. However, the same ratio increased 35.6 percent for Scandinavian properties.

Balance sheet statistics

The most significant balance sheet ratios used—those designed to measure the extent an establishment can cover current obligations—are listed in Exhibit IV-16. The current position for the total region increased slightly during 1984.

Exhibits IV-17 and IV-18 display statements of income and expenses both per available room and as ratios to total sales for Region IV hotels participating in this year's study.

Exhibit IV-15

Fixed Charges—Median Amounts Per Room and Ratio to Total Sales*

Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Amount Per Room				
Rent	$ 665	$1,889	$2,131	$ 221
Property Taxes	464	158	103	517
Insurance on Buildings & Contents	61	75	121	59
Interest Expense	276	260	188	443
Depreciation & Amortization	573	802	741	497
Total Fixed Charges	$1,728	$2,640	$2,981	$1,277
Ratio to Total Sales — 1984	9.7%	14.2%	16.0%	8.2%
Ratio to Total Sales — 1983	10.1	14.0	11.8	9.2
Increase (Decrease)	(4.0)%	1.4%	35.6%	(10.9)%

*All figures are medians and do not necessarily add to totals shown.

Exhibit IV-16

Balance Sheet Statistics—Liquidity Ratios*

Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Current Position:				
Ratio of Current Assets to Current Liabilities	$ 0.99	$ .96	$1.45	$ .91
Accounts Receivable:				
Amount Per Room	$1,381	$1,606	$ 915	$1,177
Ratio to Total Sales	7.0%	7.5%	4.8%	7.2%
Food Inventory				
Amount Per Room	$ 70	$ 72	$ 129	$ 59
Annual Turnover	29.3	24.2	38.4	41.1
Beverage Inventory				
Amount Per Room	$ 138	$ 141	$ 144	$ 111
Annual Turnover	3.9	3.3	8.3	7.1
Operating Supplies Inventory				
Amount Per Room	$ 16	$ 171	$ 69	$ 206

*All figures are medians.

Exhibit IV-17
Statement of Income and Expenses
Median Amounts
Per Available Room*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Rooms				
Sales	$8,278	$10,209	$ 8,301	$6,750
Departmental Expenses				
Payroll & Related Expenses	1,606	1,886	1,856	1,297
Other	745	987	1,264	636
Total	2,384	2,879	3,096	1,899
Departmental Income	5,857	7,212	4,839	4,880
Food & Beverage				
Sales				
Food	4,743	4,367	5,043	4,863
Beverage	2,366	1,972	3,703	2,766
Total	7,075	6,443	9,362	7,537
Cost of Sales				
Food	1,628	1,515	2,087	1,644
Beverage	700	413	1,056	1,099
Total	2,361	1,937	3,006	2,828
Gross Profit	4,651	4,546	6,093	4,695
Public Room Sales	194	108	241	260
Other Income	137	135	724	68
Gross Profit & Other Income	4,971	4,770	6,974	5,047
Departmental Expenses				
Payroll & Related Expenses	2,642	3,111	3,941	2,328
Other	476	657	1,080	314
Total	3,108	3,897	5,218	2,566
Departmental Income	1,725	1,045	1,429	2,446
Telephone Departmental Income	51	181	280	(19)
Net Income From Minor Operated Departments	96	96	99	97
Rentals & Other Income	175	316	109	106
Gross Income	8,329	9,031	7,314	7,941
Undistributed Operating Expenses				
Administrative & General				
Payroll & Related Expenses	858	1,046	706	789
Other	786	776	846	720
Total	1,530	1,665	1,473	1,480
Marketing	528	731	437	405
Energy Costs	711	847	727	626
Property Operation & Maintenance	722	973	494	572
Total Undistributed Expenses	3,567	4,476	2,306	3,216
Income Before Management Fees	4,798	4,648	5,106	4,591
Management Fees	730	565	1,041	984
Income Before Fixed Charges	4,719	4,057	5,313	4,540
Property Taxes and Insurance	1,190	233	124	575
Income Before Interest and Depreciation	$3,566	$2,746	$12,341	$3,638

*All figures are medians and do not necessarily add to totals shown.

Exhibit IV-18
Ratio to Total Sales*
Europe

All ratios are based on total sales except those of the rooms and food and beverage departments. Cost of sales is shown as a percentage of the corresponding sales. Food and beverage departmental expense ratios are based on the combined food and beverage sales.

	Total Region	Continental Europe	Scandinavia	United Kingdom
Rooms				
Sales	100.0%	100.0%	100.0%	100.0%
Departmental Expenses				
Payroll & Related Expenses	18.8	19.5	24.6	19.9
Other	9.4	9.6	11.5	9.4
Total	28.2	29.1	35.8	28.8
Departmental Income	71.8	70.9	64.2	71.2
Ratio to Total Sales	36.2	37.4	26.5	32.5
Food & Beverage				
Sales				
Food	67.7	69.1	57.2	66.0
Beverage	32.3	30.9	42.8	34.0
Total	100.0	100.0	100.0	100.0
Cost of Sales				
Food	34.4	33.2	40.1	34.7
Beverage	29.6	20.5	24.6	39.8
Total	33.0	29.0	33.0	36.3
Gross Profit	67.0	71.0	67.0	63.7
Public Room Sales	2.8	1.7	3.6	3.1
Other Income	1.7	1.7	6.7	0.7
Gross Profit & Other Income	71.0	73.9	74.4	65.8
Departmental Expenses				
Payroll & Related Expenses	39.2	46.9	50.8	29.3
Other	7.1	9.8	11.6	3.9
Total	47.4	56.9	60.6	32.7
Departmental Income	24.8	17.8	15.1	30.3
Ratio to Total Sales	9.7	6.3	6.0	16.3
Telephone Departmental Profit	0.4	1.2	1.3	(0.1)
Net Income From Minor Operated Departments	0.6	0.5	0.7	0.9
Rentals & Other Income	1.0	1.5	0.4	0.7
Gross Income	49.0	48.3	37.5	49.5
Undistributed Operating Expenses				
Administrative & General				
Payroll & Related Expenses	4.6	4.9	3.4	4.6
Other	4.3	4.1	4.0	4.3
Total	8.8	8.6	7.6	9.1
Marketing	3.1	3.7	2.2	2.8
Energy Costs	4.0	4.6	3.7	3.9
Property Operation & Maintenance	4.3	5.2	2.8	3.5
Total Undistributed Expenses	21.3	23.0	14.5	20.6
Income Before Management Fees	28.2	25.8	25.0	28.9
Management Fees	3.4	3.1	3.4	4.2
Income Before Fixed Charges	26.3	22.5	25.0	28.4
Property Taxes & Insurance	3.1	1.3	0.9	3.7
Income Before Interest and Depreciation	20.1%	13.7%	13.7%	22.3%

---

*All figures are medians and do not necessarily add to totals shown.

Region IV
Currency Conversion Tables
1984 vs. 1983 Percentage of Change
Europe

	1984 Factor [$US/(x)]	1983 Factor [$US/(x)]	Percentage of Change
Subregion 1—Continental Europe			
Austria	0.04535	0.05170	(12.3)%
Belgium	0.01585	0.01797	(11.8)%
France	0.10425	0.11980	(13.0)%
Germany	0.31766	0.36713	(13.5)%
Greece	0.00778	0.01014	(23.2)%
Italy	0.00052	0.00060	(14.3)%
Luxembourg	0.01585	0.01797	(11.8)%
Monaco	*	*	*
Netherlands	0.28173	0.32632	(13.7%)
Portugal	0.00591	0.00760	(2.22)%
Switzerland	0.38685	0.45882	(15.7)%
Subregion 2—Scandinavia			
Denmark	0.08881	0.10127	(12.3)%
Finland	0.15314	0.17212	(11.0)%
Iceland	0.02466	0.03488	(29.3)%
Norway	0.11005	0.12916	(14.8)%
Sweden	0.11124	0.12498	(1[illegible].0)%
Subregion 3—United Kingdom			
Ireland	*	1.15250	*
United Kingdom	1.15650	1.45060	(20.3)%

Source: *International Financial Statistics*, December 1984, December 1983.
*Reported in U.S. Dollars. Conversion factor not available.

REGION V: LATIN AMERICA

Profile of contributors

An analysis of data and information for Latin American properties is presented in this section. Due to insufficient response no subregion breakdowns were possible. Consequently, discussion of operating efficiencies and performance only focuses on regional trends.

Exhibit V-1 gives the typical profile of the Latin American properties contributing to this year's study. Highlights of the analysis of operating results are shown in Exhibit V-2. Median occupancy rates grew 4 percent during 1984, while average daily room rates fell 7.3 percent from the 1983 level.

The source and distribution of the lodging dollar for the region is presented in Chart 10. As in 1983, room sales provided hotels with more than half of their revenue. The payroll and related expenses category was again the major expenditure for hotels in this region.

As illustrated in V-3, domestic sources provided slightly more hotel guests than foreign sources. Business travelers accounted for more than half of all hotel guests. Exhibit V-4 lists the nationality of guests during 1984. South American travelers dominated this category, followed by American and Central American travelers. There was little change in the rankings in this region compared with 1983.

Exhibit V-1
General Profile of Typical Contributor Based on Various Measures of Central Tendency
Latin America

Criteria	Category of Typical Contributor
Age	Built after 1969
Size	300-600 rooms
Occupancy	Between 65% and 75%
Average Rate	$45.00 and over (U.S.)
Sales Volume	Over $6 million (U.S.)
Restaurant Operation	Operates a restaurant in which the volume of food and beverage sales is between 50% and 74% of room sales
Other	
Location	Urban
Market	Other than tourist
Rating	First class
Management	Chain affiliated; reported net income before tax in 1984

Exhibit V-2
Highlights*
Latin America

- Total revenue per room declined nearly 50%.
- Room occupancy increased 4.0 percent to 67.0 percent compared with 59.6 percent in 1983.
- The average daily rate per occupied room was $46.06 compared with $49.69 in 1983, a decline of 7.3 percent.
- Payroll and related expenses per room rose 30.1 percent from $4,415 to $5,745.
- Income before income taxes declined 73.6 percent on a per room basis.

*Based on medians.

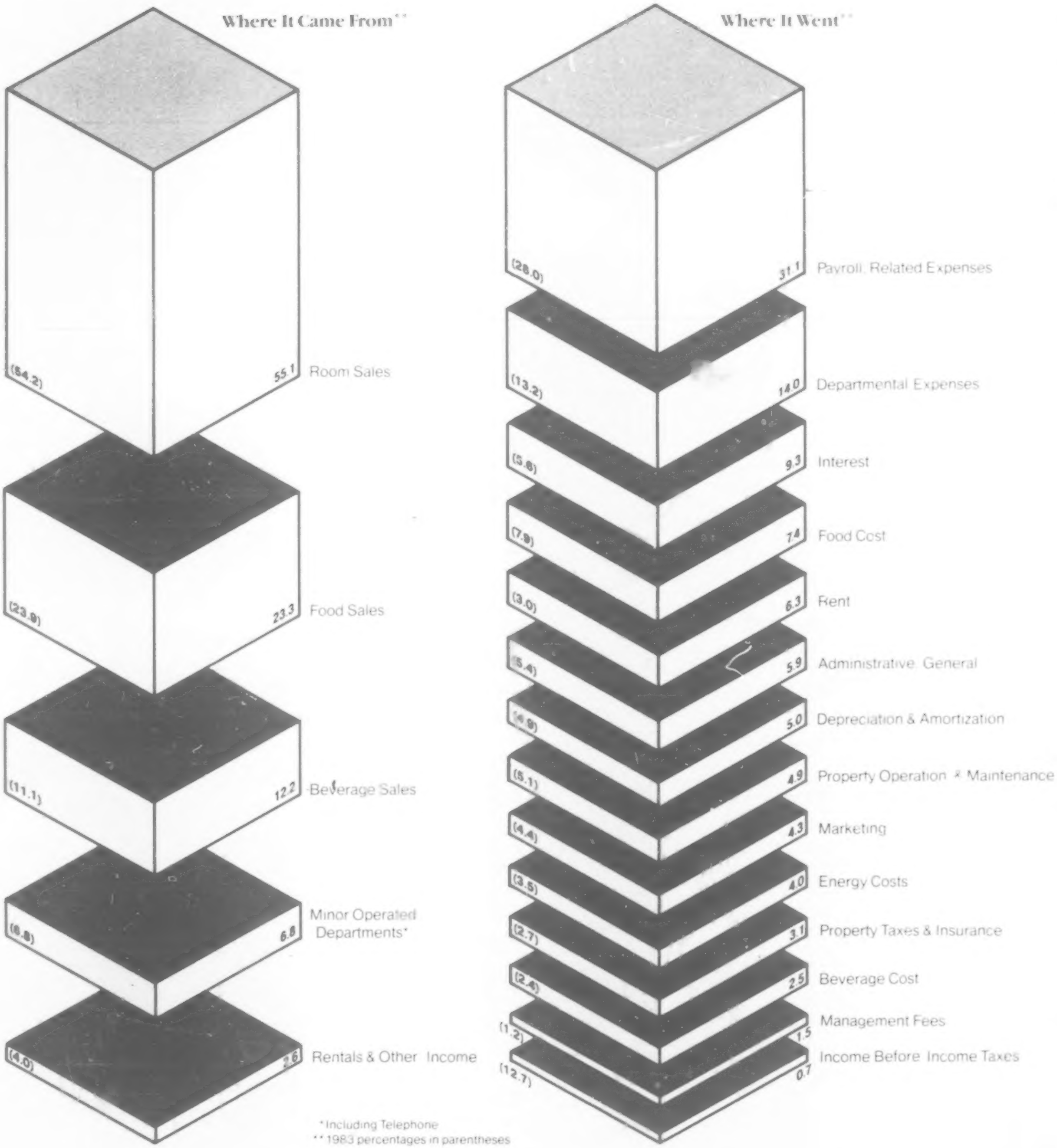
Exhibit V-3
Market Data*
Latin America

	Total Region
Source of Business	
Domestic	57.0%
Foreign**	43.0
Percentage of Repeat Business	36.0%
Composition of Market	
Government Officials	7.1%
Business Travelers	52.1
Tourists	22.7
Conference Participants	9.8
Other	8.3
Percentage of Advance Reservations	80.7%
Composition of Advance Reservations	
Direct	43.4%
Reservation Systems	31.1
Travel Agents & Tour Operators	20.7
Other	4.8
Ratio of Travel Agent Commissions to Room Sales	1.0%

*Arithmetic mean.
**Ratios exclude the U.S.

Chart 10

Latin America
Percentage Distribution of Revenue and Expenses



*Including Telephone

**1983 percentages in parentheses

Performance measures

Exhibit V-5 presents total sales and income, and the ratios of income before fixed charges to room and total sales for the Latin American properties surveyed. Comparison data for 1983 is also given; however, the reader is cautioned on the effects of the currency exchange rates used in presenting this study (please see Appendix II, page 104). Considering the wide fluctuations in currency values, it was not surprising that while total sales and net income dropped significantly, the ratio of income before fixed charges to room sales increased and the ratio of income before fixed charges to total sales remained the same.

Occupancy and average rate

As shown in Exhibit V-6 the occupancy rate increased 4 percent for the participating Latin American hotels in 1984. The average number of guests per room rose from 1.4 in 1983 to 1.43 in 1984. The median average daily rate per room and per guest dropped slightly in 1984.

Exhibit V-4
Nationality of Guests—1984*
All Hotels—Latin America

	Rank		Total Region
	1984	1983	
South American	1	1	42.9%
American	2	2	17.5
Central American	3	4	10.9
Mexican	4	3	9.6
Other European	5	5	4.7
German	6	6	3.1
French	7	8	3.0
Italian	8	10	2.6
Canadian	9	7	1.7
British	10	9	1.0
Japanese	11	11	0.9
Scandinavian	12	12	0.5
Middle Eastern	15	13	0.4
Other Asian	15	16	0.4
Other African	15	17	0.4
North African	16	16	0.3
Australasian	17	16	0.1

*Arithmetic mean.

Exhibit V-5
Comparison of Sales and Profitability*
Latin America

	Total Region	
	1984	1983
Amounts Per Available Room		
Total Sales	$10,153	$20,141
Income Before Fixed Charges	4,158	5,216
Net Income** (Loss)	333	1,262
Ratio of Income Before Fixed Charges		
Room Sales	44.1%	41.3%
Total Sales	22.3	22.3
Number of Times Average Rate Was Earned	106	102
Increase (Decrease)	3.9%	

*All figures are medians.
**Before income tax.

Exhibit V-6
Occupancy, Double Occupancy
and Room Rates*

	Total Region	
	1984	1983
Annual Room Occupancy	62.0%	59.6%
Number of Guests Per Room	1.43	1.40
Average Daily Rate		
Per Room (U.S. Dollars)	$46.05	$49.69
Per Guest (U.S. Dollars)	32.16	36.24

*All figures are medians

Analysis of sales

The composition of sales for Latin American properties is highlighted in Exhibit V-7. As in most other regions and subregions analyzed in the report, room sales comprised more than half of the total hotel revenue in the Latin American region.

Exhibit V-8 provides revenue and expense information for telephone and other minor operated departments as an amount per room and as a ratio to total sales. The rentals and other income department proved to be the most profitable of those detailed in this exhibit.

Exhibit V-7
Composition of Sales*
Latin America

	Total Region
Rooms	54.7%
Food	21.7
Beverage	12.4
Telephone	4.6
Minor Operated Departments	2.4
Rentals & Other Income	4.2
Total	100.0%

*Based on arithmetic mean.

Exhibit V-8
Minor Operated Departments and Other Income
Median Amounts Per Room and Ratios to Total Sales*
Latin America

	Total Region
Telephone	
Amount Per Available Room	
Sales	$889
Cost of Sales	
Cost of Calls	641
Equipment Rental	20
Total	636
Payroll & Related Expenses	114
All Other Expenses	9
Total Cost & Expenses	795
Net Departmental Income or (Loss)	$ 58
Ratio to Total Sales	
Sales	4.9%
Cost of Sales	3.6
Payroll & Related Expenses	0.7
Minor Operated Departments	
Amount Per Available Room	
Sales	$393
Cost of Sales	94
Payroll & Related Expenses	102
Other Expenses	28
Total Costs & Expenses	226
Net Departmental Income	$157
Ratio to Total Sales	
Sales	2.3%
Cost of Sales	0.5
Payroll & Related Expenses	0.5
Rentals & Other Income	
Amount Per Available Room	
Space Rentals	$146
Concessions	40
Commissions	17
Other	128
Total Rentals & Other Income	$399
Ratio to Total Sales	1.8%

*All figures are medians and do not necessarily add to totals shown.

Restaurant operations

Exhibit V-9 shows the food and beverage statistics for those hotels providing the detail. Food sales per available room and per seat by restaurant are presented together with the average sales per customer (average check) and number of persons served (covers) per seat.

Exhibit V-9
Food and Beverage Statistics*
Latin America

	Total Region
Food Sales — By Facility	
Amount Per Available Room	
Dining Room	$2,152
Room Service	368
Banquet	1,135
Bar/Lounge	274
Total	$4,139
Ratio to Total Sales	
Dining Room	59.4%
Room Service	10.2
Banquet	29.0
Bar/Lounge	7.7
Amount Per Seat	
Dining Room	$1,735
Banquet	313
Bar/Lounge	101
Total	647
Average Check	
Dining Room	$ 4.43
Room Service	4.42
Banquet	5.79
Total	4.80
Covers Served Per Seat	
Dining Room	483
Banquet	72

*All figures are medians and do not necessarily add to totals shown.

Payroll and related expenses

Information about payroll, employee benefits and employment statistics for properties in Latin America is shown in Exhibit V-10. For the hotels surveyed in this region, the productivity index (total sales divided by net payroll and related expenses) rose 2 percent during 1984.

Exhibit V-9 (continued)
Food and Beverage Statistics*
Latin America

	Total Region
Room Service Sales	
Per Occupied Room	
Food	$ 1.59
Beverage	.64
Total	2.19
Per Guest	
Food	$ 1.09
Beverage	.47
Total	1.60
Beverage Sales — By Facility	
Amount Per Available Room	
Dining Room	$ 594
Room Service	128
Banquet	648
Bar/Lounge	900
Total	2,396
Ratio to Total Beverage Sales	
Dining Room	26.1%
Room Service	4.1
Banquet	23.2
Bar/Lounge	42.2
Ratio to Food Sales	
Dining Room	26.3%
Room Service	27.9
Banquet	41.1
Total (Including Bar/Lounge)	55.4%
Amount Per Seat	
Dining Room	$ 640
Banquet	145
Bar/Lounge	2,067
Total	$ 475

Exhibit V-10
Cash Payroll, Employee Benefits, Total Payroll and Employment Statistics*
Latin America

	Total Region
Payroll & Related Expenses	
Amount Per Room Cash Payroll	$ 3,779
Net Payroll & Related Expenses**	6,906
Employee Benefits — Ratio to Cash Payroll	82.0%
Cost Per Employee	
Cash Payroll	$ 2,744
Net Payroll & Related Expenses**	5,745
Employment Statistics	
Sales Per Employee	
Rooms	$37,592
Food & Beverage	15,736
Telephone	38,126
Minor Operated Departments	15,346
Total Sales Per Employee	$17,937
Productivity Index	
1984	3.05
1983	2.99
Number of Full-Time Equivalent Employees Per 100 Available Rooms	
Rooms	28.2
Food & Beverage	52.6
Telephone	2.8
Minor Operated Departments	3.8
Administrative & General	11.8
Marketing — Sales	1.6
Marketing — Other	1.0
Property Operation & Maintenance	10.4
Personnel	1.7
House Laundry	4.7
Other	0.9
Total	117.4

*All figures are medians and do not necessarily add to totals shown.
**After credit for service charges.

Exhibit V-11
Analysis of Undistributed Operating Expenses*
Latin America

	Total Region
Administrative & General	
Cost Per Available Room	
Payroll & Related Expenses	$1,194
Other	963
Total	$2,378
Ratio to:	
Room Sales	22.3%
Total Sales — 1984	12.3
Total Sales — 1983	11.5
Increase (Decrease)	7.0%
Marketing	
Cost Per Available Room	
Payroll & Related Expenses	$ 180
Other	843
Total	$1,057
Ratio to:	
Room Sales	10.8%
Total Sales — 1984	5.6
Total Sales — 1983	5.7
Increase (Decrease)	(1.8)%
Energy Costs	
Cost Per Available Room	$ 804
Ratio to:	
Room Sales	7.9%
Total Sales — 1984	4.1
Total Sales — 1983	4.3
Increase (Decrease)	(4.7)%
Property Operation & Maintenance	
Cost Per Available Room	
Payroll & Related Expenses	$ 599
Other	731
Total	$1,286
Ratio to:	
Room Sales	14.4%
Total Sales — 1984	6.6
Total Sales — 1983	7.1
Increase (Decrease)	(7.0)%

*All figures are medians and do not necessarily add to totals shown.

Undistributed operating expenses

Cost per available room, ratio to room sales and ratio to total sales are presented for the undistributed operating expenses in Exhibit V-11. Expenses in the marketing, energy, and property operation and maintenance departments as a ratio to total sales fell in 1984 compared to 1983.

Exhibit V-12 presents energy cost information broken down in detail per occupied room per day. As shown these costs increased 19.3 percent for the year.

Credit and collection data

Method of payment for hotel services and credit card usage are shown in Exhibits V-13 and V-14 respectively. Credit cards were the most popular form of payment followed closely by cash. The median annual cost per occupied room for credit card commission was $184.

Exhibit V-12
Energy Costs Per Occupied Room Per Day*
Latin America

	Total Region
Fuel	$ .83
Electricity	2.29
Water	.44
Steam	N
Credit for Sale of Energy	.04
Net Energy Cost — 1984	$3.65
Net Energy Cost — 1983	$3.06
Increase (Decrease)	19.3%

*All figures are medians and do not necessarily add to totals shown.
N — Negligible

Exhibit V-13
Method of Payment for Hotel Services*
Latin America

	Total Region
Cash	31.4%
Credit Card	36.9
Travel Agents & Tour Operators	13.9
All Other Credit	17.8%

*Based on arithmetic mean.

Exhibit V-14
Credit Card Commission
Annual Cost Per Occupied Room*
Latin America

	Total Region
Annual Cost Per Occupied Room	$184
Ratio to Total Sales	0.6%

*All figures are medians.

Exhibit V-15
Fixed Charges—Median Amounts Per Room and Ratio to Total Sales* Latin America

	Total Region
Amount Per Room	
Rent	$ 963
Property Taxes	330
Insurance on Buildings & Contents	187
Interest Expense	177
Depreciation & Amortization	1149
Total Fixed Charges	$2787
Ratio to Total Sales—1984	17.9%
Ratio to Total Sales—1983	15.2%
Increase (Decrease)	17.8%

*All figures are medians and do not necessarily add to totals shown.

Exhibit V-16
Balance Sheet Statistics—Liquidity Ratios* Latin America

	Total Region
Current Position:	
Ratio of Current Assets to Current Liabilities	$ 1.09
Accounts Receivable:	
Amount Per Room	$1,138
Ratio to Total Sales	9.7%
Food Inventory	
Amount Per Room	$ 99
Annual Turnover	21.0
Beverage Inventory	
Amount Per Room	$ 134
Annual Turnover	3.0
Operating Supplies Inventory	
Amount Per Room	$ 521

*All figures are medians.

Fixed charges

A comparison of the median amounts per available room and ratios to total sales of fixed charges is displayed in Exhibit V-15. Fixed charges include rent, property taxes, insurance on building and contents, interest and depreciation. For the Latin American properties surveyed, these costs rose 17.8 percent as a ratio to total sales.

Balance sheet statistics

The typical liquidity ratios, those used to measure the extent to which a company can cover current obligations, are listed in Exhibit V-16. The current position for the Latin American properties reporting this information is slightly lower than for 1983.

Exhibits V-17 and V-18 provide detailed information on amount per room and ratio to total sales in an income and expense statement for all the Region V participants.

Exhibit V-17
Statement of Income and Expenses—Median Amounts Per Available Room*
Latin America

	Total Region
Rooms	
Sales	$10,562
Departmental Expenses	
Payroll & Related Expenses	1,351
Other	874
Total	2,025
Departmental Income	8,178
Food & Beverage	
Sales	
Food	4,139
Beverage	2,396
Total	6,222
Cost of Sales	
Food	1,336
Beverage	478
Total	1,764
Gross Profit	4,508
Public Room Sales	99
Other Income	189
Gross Profit & Other Income	4,742
Departmental Expenses	
Payroll & Related Expenses	2,726
Other	939
Total	3,764
Departmental Income	1,376
Telephone Departmental Income	58
Net Income From Minor Operated Departments	157
Rentals & Other Income	399
Gross Income	10,153
Undistributed Operating Expenses	
Administrative & General	
Payroll & Related Expenses	1,194
Other	963
Total	2,378
Marketing	1,057
Energy Costs	804
Property Operation & Maintenance	1,286
Total Undistributed Expenses	5,969
Income Before Management Fees	4,405
Management Fees	759
Income Before Fixed Changes	4,158
Property Taxes & Insurance	517
Income Before Interest and Depreciation	$2,303

*All figures are medians and do not necessarily add to totals shown.

Region V
Currency Conversion Tables
1984 vs. 1983 Percentage of Change
Latin America

	1984 Factor [$US/(x)]	1983 Factor ($US/(x)]	Percentage of Change
Subregion 1—Mexico			
Mexico	0.00519	0.00695	(25.3)%
Subregion 2—Central & South America			
Argentina	0.00561	0.04300	(86.9)%
Brazil	0.00031	0.00102	(69.1)%
Chile	0.00780	0.01142	(31.7)%
Colombia	0.00878	0.01127	(22.1)%
Ecuador	0.01489	0.01848	(19.5)%
Peru	0.00018	0.00046	(61.5)%
Venezuela	0.13333	0.23256	(42.7)%

Source: *International Financial Statistics*, December 1984, December 1983.

Exhibit V-18
Ratio to Total Sales*
Latin America

All ratios are based on total sales except those of the rooms and food and beverage departments. Cost of sales is shown as a percentage of the corresponding sales. Food and beverage departmental expense ratios are based on the combined food and beverage sales.

	Region Total
Rooms	
Sales	100.0%
Departmental Expenses	
Payroll & Related Expenses	12.2
Other	7.3
Total	20.0
Departmental Income	80.0
Ratio to Total Sales	42.7
Food & Beverage	
Sales	
Food	64.4
Beverage	35.6
Total	100.0
Cost of Sales	
Food	34.9
Beverage	21.6
Total	29.4
Gross Profit	70.6
Public Room Sales	1.3
Other Income	3.0
Gross Profit & Other Income	75.5
Departmental Expenses	
Payroll & Related Expenses	39.6
Other	15.4
Total	54.0
Departmental Income	21.8
Ratio to Total Sales	7.1
Telephone Departmental Profit	0.3
Net Income From Minor Operated Departments	0.8
Rentals & Other Income	1.8
Gross Income	53.7
Undistributed Operating Expenses	
Administrative & General	
Payroll & Related Expenses	6.1
Other	6.1
Total	12.3
Marketing	5.6
Energy Costs	4.1
Property Operation & Maintenance	6.6
Total Undistributed Expenses	28.6
Income Before Management Fees	25.6
Management Fees	4.0
Income Before Fixed Charges	22.3
Property Taxes & Insurance	14.7
Income Before Interest & Depreciation	1.6%

*All figures are medians and do not necessarily add to totals shown.

APPENDIX I: EXPLANATION OF TERMS AND BASES USED

The accounting information has been accumulated using the 7th revised edition of the *Uniform System of Accounts for Hotels*, approved by the American Hotel & Motel Association, as a basis. The following paragraphs define the terms used in this study.

Room Sales
This category includes revenue from guest accommodations rented on a part-day, full-day, or longer period basis. The figures are net of any sales or turnover taxes and service charges paid to employees.

Revenue from public rooms ordinarily used for food and beverage service is not included in room sales.

Food Sales
This category includes revenue derived from the sale of food in restaurants, through room service or at banquets. Sales do not include meals charged by hotel management staff.

Beverage Sales
This category includes revenue from the sale of wine, spirits, liqueurs, juices, beers, ale, porter, mineral waters and soft drinks. Sales do not include beverages charged by hotel management staff.

Minor Operated Department Sales
This category includes revenue derived from telephone, laundry and valet services. It also includes income from casino operations, pool club memberships and other departments operated.

Other Income
This category includes profit on foreign exchange, concession income and other income such as commissions from auto rentals, garage, parking lots and salvage.

Store Rentals
This category includes all income from rental of stores and showcases.

Cost of Food Sales
This category includes the cost of food served to guests, together with transportation and delivery charges, at gross invoice price less trade discounts. The cost of employees' meals is charged to the appropriate department and does not constitute a part of the cost of food sold.

Cost of Beverage Sales
This category represents the cost of wines, spirits, liqueurs, juices, beers, ale, porter, mineral waters and soft drinks and all other material served as beverages, or used in the preparation of mixed drinks, at gross invoice price less trade discounts, plus import duties, transportation and delivery charges. The cost of employees' beverages is charged to the appropriate department and does not constitute a part of the cost of beverages sold.

Cost of Minor Operated Department Sales
This category represents the cost of telephone, laundry and valet sales and any other minor operated department sales.

Rooms Payroll
This category includes salaries and wages of personnel of the rooms department (front office, doormen and porters).

Also included are the employee benefits such as payroll taxes, social insurance, vacation and holiday pay, employees' meals, awards, social activities and pensions.

Food and Beverage Payroll
This category includes salaries and wages of personnel in the food and beverage department (purchasing, receiving, storage, preparation, service, dishwashing, cashiers, and control). Also included are all employee benefits, such as payroll taxes, social insurance, vacation and holiday pay, employees' meals, awards, social activities and pensions.

Minor Operated Department Payroll
This category includes salaries and wages of personnel in all minor operated departments, including telephone, guest laundry, valet, casino and pool. Also included are all employee benefits such as payroll taxes, social insurance, vacation and holiday pay, employees' meals, awards, social activities and pensions. House laundry and employee cafeteria payrolls are not included as they have been allocated to the various departments and are included in other expenses.

Other Expenses
The term "other expenses" can cause confusion. At first sight, it is a loose term—for example, the expression "wages and other expenses" could be interpreted as "wages and all additional expenses incurred in operating a facility." However, its meaning is precise and refers to direct departmental expenses incurred in the operation of a department or service (rooms department, sales office).

Rooms, Other Expenses
This category represents expenses other than rooms payrolls as defined above, such as rooms cleaning supplies, guest supplies, laundry, linen, reservation expenses, paper supplies and travel agents' commissions.

Food and Beverage, Other Expenses
This category includes items such as china and glassware, cleaning supplies, decorations, guest supplies, laundry, linen, music and entertainment, menus and beverage lists, silver and uniforms.

Minor Operated Departments, Other Expenses
This category includes items such as telephone equipment rental, laundry supplies, casino uniforms, casino entertainment and pool supplies.

Undistributed Operating Expenses
This classification is used for (1) administrative and general expense, (2) marketing expense, (3) energy costs, and (4) property operation and maintenance expense. Each of these can be considered as an individual entity. Some examples of the expenses included are:

- Administrative and general other expense includes cash overages or shortages, commissions on credit cards, collection charges, executive office expense, general insurance, postal, legal expense, trade association dues, traveling expenses, accountants and consultants fees.

- Marketing other expense includes advertising in all media and applicable travel expenses and supplies.
- Energy costs include the cost of electrical power, fuel, steam and water.
- Property operation and maintenance includes the cost of repairing buildings, electrical and mechanical equipment and fixtures, floor coverings, furniture, grounds and landscaping plus the cost of electric bulbs, mechanical supplies and removal of waste matter.

Income Before Fixed Charges

For purposes of this study, income before fixed charges is defined as the total of rooms department income, food and beverage department income, minor operated department income, store rentals and other income, less all undistributed expenses.

There are thus three levels of profit in the study. The first level is departmental profit (rooms, food and beverage, minor operated); the second is gross income (the sum of departmental profits plus store rentals and other income); the third is income before fixed charges (gross income less undistributed operating expenses).

Room Statistics

The published number of rooms for rental in a hotel usually differs from the actual number of rooms available—only the rooms permanently available to the public are used in computing ratios.

The number of rooms available in a period (usually a year) is the number permanently available multiplied by the days in the period.

The number of rooms occupied is the sum for the period of rooms rented to guests daily.

The number of guests is the sum of the daily house counts for a period.

Rate of Occupancy

The rate of occupancy is derived from the room statistics above. The average annual room occupancy is the ratio of total occupied rooms to total available rooms.

Average double occupancy is represented by total number of guests divided by total number of rooms occupied. This result can be expressed either on a guests per room basis, or as a percentage. Thus.

$$\frac{\text{total number of guests}}{\text{total occupied rooms}} = \frac{75}{50} = 1.50$$

This can be expressed as a double occupancy of 50 percent, or as 1.5 guests per occupied room.

Average Rate

There are two quantities widely used to express rooms sales on a unit basis—average room rate and the average rate per guest.

The average room rate is defined as room sales divided by the total number of rooms occupied.

The average rate per guest is defined as room sales divided by the total number of guests.

Number of Times Average Room Rate Was Earned

This measurement of operating efficiency is calculated by dividing income before fixed charges (house profit) per available room by the average room rate.

Food and Beverage Department

The ratios in the restaurant department are based on total food and beverage sales. The single exception is cost of sales. Cost of food sold is expressed as a percentage of food sales. Similarly, the cost of beverages sold is expressed as a percentage of beverage sales.

Current Ratio

The current ratio is defined as current assets, divided by current liabilities. The current portion of long-term debt has been excluded from current liabilities.

Inventory Ratios

Inventory figures taken from the balance sheet have been directly related to operations.

Average inventory is the sum of opening and closing inventories divided by two.

The turnover ratios represent cost of sales divided by average inventory.

Accounts Receivable Ratio

Average accounts receivable is the sum of opening and closing accounts receivable divided by two.

The turnover ratio represents sales divided by average accounts receivable.

APPENDIX II: IMPACT OF CURRENCY FLUCTUATIONS

The dollar amounts reported in this study are in 1984 U.S. dollars, converted using year-end exchange rates, obtained from the International Monetary Fund. The reader is cautioned that fluctuations in exchange rates can have significant impact on the U.S. dollar values presented in this report. The strength of the U.S. dollar against most other currencies must be considered when analyzing the amounts in this report or comparing them to previous editions. This problem is illustrated in the exhibit shown below.

Comparing average room rates expressed in current dollars, which are used exclusively in this report, all three countries show declining room rates, including rather large declines in both the United Kingdom and Venezuela. However, if 1984 room rates are expressed in 1983 dollars, a noticeable difference in the actual room rates, as well as percent change, occurs. Both Canada and Venezuela show increased rates, while the United Kingdom indicates a negligible decrease.

AVERAGE DAILY RATE PER OCCUPIED ROOM

	Rates expressed in current U.S. dollars			Rates expressed in constant 1983 U.S. dollars		
	1984	**1983**	**Percent Change**	**1984**	**1983**	**Percent Change**
Canada	$43.74	$43.81	(0.3)%	$46.45	$43.81	6.0%
United Kingdom	29.66	37.35	(20.6)%	37.21	37.35	(0.4)%
Venezuela	45.90	77.47	(40.8)%	80.05	77.47	3.3%

Figures in parentheses represent decreases

Other publications relating to the lodging and leisure time industries are produced by Horwath & Horwath International (HHI) and individual member firms of HHI. Publications released by HHI can be obtained from the organization's headquarters in New York or any member firm. Publications produced by member firms are available directly from the HHI member firm that issues the publication. A directory of HHI member firms is on pages 106-108. A fee is charged for some of the listed publications and books.

HHI Publications

Worldwide Lodging Industry Digest
Trends in World Tourism (published in conjunction with the International Hotel Association)
Tourism Multipliers Explained (published in conjunction with the World Tourism Organization)
A Profile of Government Financial and Grant Aid to Tourism (published in conjunction with the World Tourism Organization)

Lodging Studies

Australia
Canada
Latin America and the Caribbean
France
Israel
Mexico
Netherlands
Paris
Sweden
United Kingdom
United States (Individual studies are available for California, Florida, Texas)
Venezuela
West Germany

Other Leisure Time Industries Publications

United Kingdom:
Guidelines on Tourism Investment (published in conjunction with the World Tourism Organization)
Holiday Surveys Examined: A Pilot Guide to National Holiday Surveys in Western Europe by Professor S. Medlik
Hotel and Tourism Development (Jonathan Bodlender)—Presentation to the International Hotel Association and the American Hotel and Motel Association
Books written by personnel of the U.K. member firm of Horwath & Horwath (U.K.) Ltd. and Stoy Hayward and Co.:
The Business of Hotels by Professor S. Medlik
Hotel Accounts and Their Audit by Lawrence S. Fenton and Norman A. Fowler

United States:
U.S. All Suite Lodging Industry
U.S. Economy Lodging Industry
U.S. Resort Lodging Industry
National Trend of Business in the Lodging Industry (plus various regional Trends)
Financing the U.S. Lodging Industry: Players and Techniques of the 1980s
California Restaurant Operations
Restaurant Operations Report (published in conjunction with the National Restaurant Association)
Financial Results & Reporting Trends in the Gaming Industry
Books written by personnel of the U.S. member firm of Laventhol & Horwath:
Hotel Accounting by Ernest B. Horwath, Louis Toth and John D. Lesure
Planning and Operating Motels and Motor Hotels by George Podd and John D. Lesure
Profitable Restaurant Management by Kenneth I. Solomon and Norman Katz

Horwath & Horwath International

Headquarters: 919 Third Avenue, New York, New York 10022
(212) 980-3100 Telex: 236501 LNH UR Cable: HORWINTAS

Andorra, Andorra La Vella
Horwath & Horwath Andorra, S.A.
Avenida Meritxell 49, 2°
(078) 22081
Telex: HORWINT 297 AND

Argentina, 1010 Buenos Aires
Cánepa, Pestarino, Nazer y Asociados
Cerrito 146—Piso 9
(1) 38-8091/3
Telex: 23100

Australia, Adelaide, S.A. 5000
Horwath & Horwath
208 Carrington Street
(8) 224-0733

Australia, Alice Springs, N.T. 5750
Horwath & Horwath
P.O. Box 971
Suite 5
15 Leichhardt Terrace
(89) : 2-4422
Telex: BRASS AA 81121

Australia, Brisbane, Qld. 4001
Horwath & Horwath
G.P.O. Box 2466
27 Turbot Street
(7) 229-2838
Telex: FORGE AA 40660

Australia, Hobart, Tas. 7000
Horwath & Horwath
136 Davey Street
Suite 10
(02) 34 2499
Telex: AA 57140

Australia, Melbourne, Vic. 3001
Horwath & Horwath
P.O. Box 4369
500 Collins Street
7th Floor
(3) 62 7851
Telex: AA 33003 A/B HORWAT

Australia, South Perth, W.A. 6151
Horwath & Horwath
P.O. Box 194
14 Stone Street
(9) 367-8111
Telex: AA 94820 MILLPT

Australia, Sydney, N.S.W. 2001
Horwath & Horwath
G.P.O. Box 1455
307 Pitt Street
(2) 266-0655
Telex: HORWAT AA 22409

Austria, A-1010 Vienna
Auditor Treuhandgesellschaft M.B.H.
Wipplingerstrasse 34
(Börsegebäude)
(222) 66-12-03
Telex: 131454 AUDIT

Bahamas, Nassau
Norwood A. Rolle & Co.
P.O. Box N8679
2nd Floor-680 East Bay Place
(809) 32-60841
Telex: 20-275 TRANSCON

Bermuda, Hamilton
S. Arthur Morris
P.O. Box H.M. 1806
Century House
Richmond Road
(809-29) 2-7478
Telex: 3562 MORRO BA

Bolivia, La Paz
Horwath & Horwath (Bolivia)
Casilla 6179
Calle Capitán Ravelo 2131
(2) 374760
Telex: 3311 HORBAL BV

Brazil, CEP 20.091 Rio de Janeiro-RJ
Soteconti Auditores Independentes S/C
Rua da Quitanda 159-6° Andar
(21) 253-0040

Brazil, CEP 01310 São Paulo-SP
Soteconti Auditores Independentes S/C
Avenida Paulista
1754-6° Andar
(11) 288-9444
Telex: 1135704 SAUI-BR

Cameroon, Douala
Kooh & Mure
B.P. 1804
50 Avenue de L'Independence
424433
Telex: 5595 KN

Canada, Calgary, Alberta T2N 3J6
Smith, Matthews & Partners
1167 Bowness Road N.W.
Penthouse
(403) 283-5571

Canada, Montreal, Quebec H3A 1G1
Laventhol & Horwath
770, rue Sherbrooke Ouest
Suite 1100
(514) 288-2020
Telex: 055-61984 WEISSBRAZ MTL

Canada, Toronto, Ontario M5H 3V7
Laventhol & Horwath
Box 75
20 Queen Street West
Suite 200
(416) 977-2555
Telex: 623545 HORWINTAS TOR

Canada, Vancouver, B.C. V6Z 2H2
Laventhol & Horwath
808 Nelson Street,
17th Floor
(604) 684-0373
Telex: 04-55668 HORWINTAS VCR

Canada, Winnipeg, Manitoba R3C 3T1
Laventhol & Horwath
1200-444 St. Mary Avenue
(204) 956-2270

Cayman Islands, Grand Cayman
Morris Brankin & Co
P.O. Box 1044
West Wind Building
(809 94) 95333
Telex: 4248 MIDSL CP

Channel Islands, St. Helier, Jersey
Crichton Associates
P.O. Box 218
Equity & Law House
(534) 74622
Telex: 4192159 TRUST G

Chile, Santiago 1
Macaya, Olate y Cia. Ltda.
P.O. Box 4075
Agustinas No. 853, Oficina 615
(2) 384664
Telex: via ITT 440021 MAOL CZ

Colombia, Bogotá
Anselmo González Labrada y Asociados
Ltda.
Aptdo Aereo No. 4634
Carrera 10, No. 16-18, Oficina 802
(2) 829291

Costa Rica, C.P. 1,000 San José
Madrigal Leon & Asociados
Apartado Postal 10236
27 and 29 Street
2nd Avenue
Building No. 2798
340371
Telex: 3110 PRATSA CR

Cyprus, Nicosia
Chrysanthou & Christoforou
P.O. Box 1675
3 Homer Avenue
(21) 75181
Telex: 4205 CHRYCHRI CY

Denmark, 1267 Copenhagen K
Horwath & Horwath (Denmark)
Hammerensgade 6
(1) 112240
Telex: 19026 HORWAT DK

Dominican Republic, Santo Domingo
Sotero Peralta y Asociados
Apartado Postal 355-2
Av. Winston Churchill
Edificio Lama, 2nd Floor
(809) 566-6577
Telex: 4587 SAP DR

Egypt, Cairo
Youssef Nabih & Co.
22 Kasr El Nil Street
(2) 744278
Telex: 92722 NABIH UN

Ethiopia, Addis Ababa
Bocresion Haile & Co.
P.O. Box 825
Zewditu Avenue
(1) 444004

Finland, 00100 Helsinki 10
Jägerhorn, Lindberg, Almqvist & Co.
Fredriksgatan 61 A
(0) 694-3411
Telex: 124252 JLA SF

France, 13006 Marseille
Cabinet Cauvin Angleys Saint-Pierre
27, cours Pierre-Puget
(91) 37-05-85
Telex: 400512 CAUVIN

France, 75008 Paris
Horwath & Horwath France
54, avenue Marceau
(1) 723-82-89
Telex: 620522 HORWATH

France, 31008 Toulouse
Cabinet Cauvin Angleys Saint-Pierre S.A.
B.P. 425
40-42, rue du Rempart St-Etienne
(61) 21-72-50
Telex: 520804 CCAS SA

Germany, D-1000 Berlin 33
Dres. Brönner Treuhand-Revision GmbH
Hohenzollerndamm 123
(30) 825-021
Telex: 186035 DBTR D

Germany, D-4000 Düsseldorf 1
Wirtschaftsprüfer · Sozietät
Postfach 1414
Graf Adolf-Strasse 61
(211) 37 03 04

Germany, D-6000 Frankfurt am Main 1
Horwath & Gelbert GmbH
Ostbahnhofstrasse, 13
(69) 44-60-51
Telex: 41 44 01 HORGE D

Germany, D-2000 Hamburg 50
Sozietät Möhrle
Postfach 50 10 67
Haferweg 11
(40) 853010
Telex: 212218 MTREU

Germany, D-8000 Munich 70
Allgemeine Wirtschaftstreuhand GmbH
Wurmstalstrasse 51/51a und 54
(89) 714-60-96
Telex: 17898074

Germany, D-7000 Stuttgart 1
Dr. Lipfert GmbH
Postfach 444
Alexanderstrasse 12
(711) 21-05-80
Telex: 721962 LIHO D

Greece, 185 36 Piraeus
Alexander, Young & Co.
5-7 Filellinon Street
(1) 453 2277
Telex: 213648

Guatemala, Guatemala City
Bocanegra, Cruz y Asociados
Apartado Postal 806
6a. Avenida 0-60 Zona 4
Torre-Profesional I
Office No. 911
(2) 514838

Haiti, Port-au-Prince
Desroches, Hilaire & Associés
Boite Postale 13093
118 Rue Pavée, First Floor
(1) 29783
Telex: 2030016

Hong Kong
Horwath & Horwath
1101 Dominion Centre
43 Queen's Road East
(5) 202701
Telex: 60133 WBC HX

Iceland, 121 Reykjavik
Bjorn Steffensen og Ari O. Thorlacius
P.O. Box 494
Armúla 40
(1) 686377

India, Bombay 400001
N.M. Raiji & Co.
Universal Insurance Building
Pherozeshah Mehta Road
(22) 253463
Telex: 0112534 DYCO IN

India, New Delhi 110001
P.K. Chopra & Co.
Bombay Life Building
'N' Block
Connaught Circus
(11) 45761
Telex: 3402 PK IN

Indonesia, Jakarta Pusat
Drs Machdjud Modopuro & Co
P.O. Box 3477
Jl. Tembaga 34
(21) 411527
Telex: 46171 ELMI JAKARTA

Ireland, Dublin 1
Horwath & Horwath
63/66 Amiens Street
(1) 730611
Telex: 25536 HBCOEI

Ireland, Sligo
Horwath & Horwath
62/64 John Street
(71) 2736

Israel, Haifa 31 000
Horwath, Bavly, Millner & Co.
P.O.B. 777
5, Habankim Street
(4) 520948

Israel, Tel Aviv 61 008
Horwath, Bavly, Millner & Co.
P.O.B. 888
5, Ahuzat Bait Street
Tel Aviv 65 252
(3) 650216
Telex: 33493 UNBK IL
33494 UNBK IL

Italy, 20124 Milan
Horwath & Horwath Italia sas
via Mauro Macchi, 65
(2) 6709313

Italy, 41100 Modena
Horwath & Horwath Italia sas
Via Saragozza 101
(59) 214453
Telex: 213389 GUIDIS I

Italy, 00186 Rome
Palandri Horwath s.r.l.
Piazza Navona, 49
(6) 6567841
Telex: 616061 HORPAL I

Jamaica, Kingston 5
Horwath & Horwath (Jamaica)
P.O. Box 26
2 Ripon Road
(809) 926-1570-2

Japan, Osaka 564
TKA Audit Corporation
Daido Seimei Building
1-23-101 Esakamachi
Suita-shi
(6) 338-5001

Japan, Tokyo 101
TKA Audit Corporation
Marughen Building
2-6, Kanda Jimbo-cho 4-chome
Chiyoda-ku
(3) 264-3391
Telex: TKA CORP J 33377

Korea, Seoul
Chong-un Accounting Corporation
C.P.O. Box 3383
Room 1214 Sampoong Building
310, 4-Ka, Eulji-Ro, Choong-Ku
(2) 266-5191/4

L-1016 Luxembourg
Hoogewerf & Co. S.A.
P.O. Box 1632
43 rue Goethe
27381
Telex: 2264 AUDIT LU

Malaysia, Kuala Lumpur 01-33
Yusuf, Oh & Siva
P.O. Box 11047
UMBC Building
14th Floor,
Jalan Sulaiman
(3) 200277
Telex: SYNRGI MA 32483

Mexico, Guadalajara 44100, Jal.
Maldonado, Duplan, Colina y Asociados,
S.C.
Av. Chapultepec Sur No. 730
Desp. 101
Sector Juárez
(36) 16-52-73

Mexico, Mexico 03940, D.F.
Maldonado, Duplan, Colina y Asociados,
S.C.
Av. Rio Mixcoac 25
4th Floor
(5) 534-82-65

Mexico, Queretaro 76000, Qro.
Maldonado, Duplan, Colina y Asociados,
S.C.
Allende 8-312
(463) 4-30-98

Monaco, Monte Carlo
Hoogewerf & Co. S.A.M.
B.P. 343
2 Avenue de Monte Carlo
MC 98006 Monaco Cedex
(93) 500820
Telex: HOCOMC 479664 MC

Morocco, DH-R.C. Casablanca 18719
Fiduciaire des Sociétés Marocaines
7, rue Bendahan
27 80 51
Telex: 23040 M

Netherlands, 1816 NP Alkmaar
Reyn, de Blaey en Co.
Corn. Pronklaan 44
(72) 118760

Netherlands, 1007 AA Amsterdam
Horwath & Horwath L.T.I. Nederland
B.V.
Postbus 5030
Herman Heijermansweg 20
(20) 730755
Telex: 15583 MR CO NL

Netherlands, 9400 AX Assen
Reyn, de Blaey en Co.
P.O. Box 900
Lauwers 4
(5920) 53222

Netherlands, 7411 RZ Deventer
Reyn, de Blaey en Co.
Boedekerstraat 9
(5700) 18040
Telex: 49737 REYND NL

Netherlands, 2595 RH The Hague
Reyn, de Blaey en Co.
Jacob Mosselstraat 2/hoek
Juliana V. Stolberglaan
(70) 839503
Telex: 34447 RBCDH NL

Netherlands, 3840 AS Harderwijk
Reyn, de Blaey en Co.
Postbus 126
Johanniterlaan 5
(3410) 13707

Netherlands, 1213 VP Hilversum
Bronner en Mutsaers
Organisatie-adviseurs
Soestdijkerstraatweg 21
(35) 44251

Netherlands, 1217 KR Hilversum
Reyn, de Blaey en Co.
Koninginneweg 31
(35) 19141

Netherlands, 7901 JS Hoogeveen
Reyn, de Blaey en Co.
Hoofdstraat 68
(5280) 67051

Netherlands, 6041 KH Roermond
Reyn, de Blaey en Co.
Minderbroederssingel 17
(4750) 17171

Netherlands, 3068 AV Rotterdam
Reyn, de Blaey en Co.
Alexander Poort
Marten Meesweg 119
(10) 552955
Telex: 25026 REBLA NL

Netherlands, 5211AP 's—Hertogenbosch
Reyn, De Blaey en Co.
Stationsplein 21A
Postbus 650
(73) 125433

Netherlands, 4001 AG Tiel
Reyn, de Blaey en Co.
Pr. Beatrixlaan 19
(3440) 13545

Netherlands, 3565 CE Utrecht
Reyn, de Blaey en Co.
Mississippidreef 95
(30) 622024
Telex: 70554 RBCUT NL

Netherlands, 5911 GG Venlo
Reyn, de Blaey en Co.
Mgr. Nolensplein 59
(77) 16942

Netherlands, 5141 EJ Waalwijk
Reyn, de Blaey en Co.
Burg. Moonenlaan 7
(4160) 32914

Netherlands, 3931 CK Woudenberg
Reyn, de Blaey en Co.
Kon. Julianaplein 4
(3498) 2814

Netherlands, 7201 CL Zutphen
Reyn, de Blaey en Co.
Boompjeswal 19
(5750) 19610

New Zealand, Auckland 1
Marley Loft
P.O. Box 2255
West Plaza Building
18th Floor
Cnr. Customs & Albert Streets
(9) 795-280
Telex: NZ63073 MARLOFT

New Zealand, Christchurch
Miller Gale & Winter
P.O. Box 270
Level 6, Amuri Court
293 Durham Street
(3) 795-566

New Zealand, Dunedin
Kearney Thompson Hunter & Co
P.O. Box 5553
56 York Place
(24) 770-007

New Zealand, Gisborne
Graham & Dobson
P.O. Box 1247
64 Lowe Street
(79) 88-089

New Zealand, Hamilton
McLeod Stevens Garty & Co.
P.O. Box 389
12 Knox Street
(71) 391-210

New Zealand, Napier
Gardiner Reaney & Swinburn
P.O. Box 192
Cnr. Byron & Browning Sts.
(70) 53-385

New Zealand, Nelson
West Yates & Partners
P.O. Box 10
72 Trafalgar Street
(54) 82-139

New Zealand, Palmerston North
Nielsen & Associates
P.O. Box 35
42 Victoria Avenue
(63) 87-034

New Zealand, Taupo
Morel Chapman Fippard & Giller
P.O. Box 749
107 Heu Heu Street
(74) 87-150

New Zealand, Tauranga
Walton Railton & Co
P.O. Box 2046
Cnr. Cameron Road & Eighth Avenue
(75) 86-161

New Zealand, Te Awamutu
Marley Loft
P.O. Box 147
64 Alexandra Street
(82) 5407
Telex: NZ63073 MARLOFT

New Zealand, Te Kuiti
Marley Loft
P.O. Box 174
25 King Street
(813) 88-132
Telex: NZ63073 MARLOFT

New Zealand, Tokoroa
Marley Loft
P.O. Box 151
Bridge Street
(80) 67-209
Telex: NZ63073 MARLOFT

New Zealand, Wanganui
Brandon Barlow Roddick & Lendrum
P.O. Box 282
Phoenix House
(74) 86-462

New Zealand, Wellington
Richardson McKissock
P.O. Box 2419
Level 30
Williams Centre
Plimmer Steps
(4) 720-871

Nigeria, Kaduna
Alabi, Bakoh, Ekundare & Co.
P.O. Box 4038
I 10 Ahmadu Bello Way
(62) 212641

Nigeria, Lagos (Yaba)
Alabi, Bakoh, Ekundare & Co.
P.O. Box 4542
2A Montgomery Road
(1) 861385

Nigeria, Minna, Niger State
Alabi, Bakoh, Ekundare & Co.
152 Sabongari Road

Nigeria, Port Harcourt
Alabi, Bakoh, Ekundare & Co.
P.M.B. 5621
21, Aba Road
(84) 333180

Norway, Oslo 1
Lorange og Braende & Co.
Radhusgt 17
(2) 20-44-00
Telex: 76729 LORAN N

Norway, Oslo 2
Horwath & Horwath Norge A/S
Bygdøy allé 39
(2) 44-14-64

Panama, Panama 5
Audiconta, S.A.
Apartado Postal 5194
Edificio Banco de Boston
13th Floor, Office 1302
69-4817
Telex: 2434 CAMARA PG

Peru, Lima 41
Vásquez & Cía.
P.O. Box 3952
Matisse 398
San Borja
(14) 367830

Portugal, 1900 Lisbon
Horwath & Horwath (Portugal) Turismo, Lda.
Rua Paio Peres Correia, 6
(1) 843773
Telex: 64020 HORWAT P

Singapore 0105
Lo Hock Ling & Co.
101-A Upper Cross Street #11-22
People's Park Center (11th floor)
916111
Telex: LOLING RS 22231

South Africa, Cape Town 8000
Kessel Feinstein Bloch
P.O. Box 1550
4th Floor-Sanso Centre
3 St. George's Street
Cape Town 8001
(21) 25-1268
Telex: 5-27986 SA

South Africa, Durban 4000
Kessel Feinstein
P.O. Box 752
3rd Floor Durban Bay House
333 Smith Street
Durban 4001
(31) 304-2411
Telex: 62-2145 SA

South Africa, Johannesburg 2000
Horwath & Horwath Southern Africa (Pty) Ltd.
P.O. Box 6610
11th Floor Penmor Tower
1 Rissik Street
Johannesburg 2001
(11) 833-5900
Telex: 4-84136 SA

Spain, 08037 Barcelona
Horwath & Horwath España, S.A.
Calle Bailen, 188.3°-2a
(3) 207-07-00
Telex: 50045 MRBV

Spain, 28016 Madrid
Horwath & Horwath España, S.A.
Paseo de la Habana-54
(1) 250-93-54

Sweden, 343 00 Älmhult
Tönnerviksgruppen AB
Box 25
Knutsgatan 22
(476) 122-80

Sweden, 502 31 Borås
Tönnerviksgruppen AB
Skolgatan 28-30
(33) 13-63-00

Sweden, 413 05 Gothenburg
Tönnerviksgruppen AB
Prinsgatan 12
(31) 12-40-20

Sweden, 813 00 Hofors
Tönnerviksgruppen AB
Synargatan 2
(290) 273-74

Sweden, 371 21 Karlskrona
Tönnerviksgruppen AB
Box 46
Ronnebygatan 16
(455) 150-00

Sweden, Kista
Tönnerviksgruppen AB
Torsnäsgatan 4
163 40 Spånga
(8) 750-75-95

Sweden, 951 31 Luleå
Tönnerviksgruppen AB
Storgatan 26
(920) 943-25

Sweden, 200 71 Malmö
Tönnerviksgruppen AB
Box 5025
Västra Rönneholmsvägen 74
(40) 10-04-50

Sweden, 293 01 Olofström
Tönnerviksgruppen AB
Box 47
Siriushuset, Bredgatan 34
(454) 425-75

Sweden, Östersund
Horwath & Horwath LTI AB
Virtervagen 11
832 00 Frösön
(63) 10-01-04

Sweden, 941 22 Piteå
Tönnerviksgruppen AB
Box 72
Prästgårdsgatan 32
(911) 180-40

Sweden, 372 00 Ronneby
Tönnerviksgruppen AB
Tingsgatan 9
(457) 127-10

Sweden, 931 24 Skelleftea
Tönnerviksgruppen AB
Box 391
S. Järnvägsgatan 52B
(910) 774-75

Sweden, 151 24 Södertälje
Tönnerviksgruppen AB
Box 288
Köpmangatan 7
(755) 873-10

Sweden, S-100 28 Stockholm
Horwath & Horwath Sweden AB
Box 49046
Alströmergatan 49
(8) 54-00-90
Telex: 10635 HORWINT S

Sweden, 923 00 Storuman
Tönnerviksgruppen AB
Forsvik
(951) 118-78

Sweden, 152 00 Strängnäs
Tönnerviksgruppen AB
Storgatan 2
(152) 151-52

Sweden, 183 63 Täby
Tönnerviksgruppen AB
Bergtorpsvägen 43 A
(8) 756-73-10

Sweden, 451 17 Uddevalla
Tönnerviksgruppen AB
Box 214
Trädgårdsgatan 4
(522) 141-10

Sweden, 902 46 Umeå
Tönnerviksgruppen AB
Skolgatan 73 A
(90) 14-13-55

Sweden, 753 20 Uppsala
Tönnerviksgruppen AB
Sankt Persgatan 10
(18) 15-00-30

Sweden, 352 51 Växjö
Tönnerviksgruppen AB
Vallviksvägen 12
(470) 810-34

Switzerland, 1211 Geneva 6
Horwath Fiduciaire & Revision SA
Case Postale 321
15, rue du Jeu-de-L'Arc
(22) 35-37-08
Telex: 22427 fido ch

Switzerland, 8034 Zurich
Horwath Treuhand & Revisions AG
P.O. Box 440
Lindenstrasse 38
(1) 252-53-46
Telex: 59359 htx ch

Syria, Damascus
A. Baha Eddeen Abdeen
P.O. Box 521
338677
Telex: AGBAR 419124 SY

Taiwan, R.O.C., Taipei
Hsu Yang Cheng & Co
65 Sung Chiang Road
11th Floor
(2) 541-2848

United Kingdom, London W1M1DA
Horwath & Horwath (U.K.) Ltd
8 Baker Street
(1) 486-5888
Telex: 299489 HORWAT G

Uruguay, Montevideo
Marty, Pérez y Asociados
Casilla de Correo 19947
Constituyente 1943, Officina 901
(2) 49-47-21
Telex: 6614

Venezuela, Caracas 1064-A
Seif Valeri & Acosta
Apartado (P.O.Box) 64701
Centro Banaven
Ave. La Estancia-Chuao
(2) 92-58-22
Telex: 23453 SEIFJ-VC

Zimbabwe, Harare
Barbour, Robb & O'Connor
P.O. Box 714
69 Samora Machel Avenue
794351
Telex: 2050 BROC ZW

Laventhol & Horwath

Executive Offices
1845 Walnut Street
Philadelphia, Pennsylvania 19103
(215) 299-1600
Telex: 83-1396 HORWINTAS PHA
Cable: HORWINTAS

Anchorage, Alaska 99501
730 I Street
(907) 276-5811

Phoenix, Arizona 85004
1314 North Third Street, Suite 100
(602) 252-0920

Tucson, Arizona 85711
5151 East Broadway, Suite 1200
(602) 790-2255

Costa Mesa, California 92626
611 Anton Boulevard, Suite 1100
(714) 556-4244

Los Angeles, California 90010
3699 Wilshire Boulevard
(213) 381-5393
Telex: 4992753 HORWINTAS LSA

Two Century Plaza, Suite 3700
2049 Century Park East
Los Angeles, California 90067
(213) 553-1040
Telex: 696374

Mountain View, California 94040
2570 El Camino Real, Suite 310
(415) 941-3537

San Diego, California 92101
P.O. Box 121525
101 West Broadway, Suite 1300
(619) 236-1188

San Francisco, California 94105
One Metropolitan Plaza
425 Market Street
Suite 3600
(415) 896-1800
Telex: 384061

Denver, Colorado 80202
370 17th Street
Suite 2100
(303) 595-4000
Telex: 45-0934

Bridgeport, Connecticut 06604
Park City Plaza
10 Middle Street
(203) 333-5133

Ft. Lauderdale, Florida 33304
2240 East Sunrise Boulevard
(305) 564-4366

Miami, Florida
201 Alhambra Circle
Coral Gables, Florida 33134
(305) 442-2000
Telex: 264822 LH MIA UR

Orlando, Florida 32801
Barnett Plaza Suite 1010
201 S. Orange Avenue
(305) 843-9240

Palm Beach, Florida
1645 Palm Beach Lakes Boulevard
Suite 1100
West Palm Beach, Florida 33401
(305) 689-6600

Tampa, Florida 33602
One Tampa City Center
201 North Franklin Street
Suite 2900
(813) 228-7555

5020 West Cyprus Street
Suite 200
Tampa, Florida 33607
(813) 870-0560

Atlanta, Georgia 30303
225 Peachtree Street, N.E.
Suite 2300, South Tower
(404) 581-0100

Carbondale, Illinois 62902-2618
P.O. Box 2618
1116 West Main Street
(618) 457-8158

Chicago, Illinois 60606
300 South Riverside Plaza
(312) 648-0555

Springfield, Illinois 62701
Marriott Commerce Building
509 South Sixth Street
(217) 544-8955

Indianapolis, Indiana 46282
Box 82051
One American Square Suite 2210
(317) 631-0700

Boston, Massachusetts 02108
Two Center Plaza
(617) 742-6100
Telex: 940899 LAV HOR BSN

One Wells Avenue
Newton, Massachusetts 02159
(617) 964-5160

Detroit, Michigan
26400 Lahser Road, Suite 200
Southfield, Michigan 48034
(313) 354-6000

Minneapolis, Minnesota 55401
100 Washington Square
Suite 1650
(612) 332-5500

Kansas City, Missouri 64105
1100 CharterBank Center
920 Main Street
(816) 221-6500

St. Louis, Missouri 63102
Ten Broadway, Suite 1000
(314) 421-1710

Las Vegas, Nevada 89109
Valley Bank Center
7th Floor
101 Convention Center Drive
(702) 737-5533

East Brunswick, New Jersey 08816
P.O. Box 11
Turnpike Plaza Building
197 Highway 18
(201) 257-6000

Melville, L.I., New York 11747
445 Broad Hollow Road
(516) 694-0530

New York, New York 10022
919 Third Avenue
(212) 980-3100
Telex: 236501 LNH UR

1776 Broadway
New York, New York 10019
(212) 586-6015
Telex: 640279

Charlotte, North Carolina 28280
One NCNB Plaza, Suite 3420
(704) 377-0220

Cleveland, Ohio 44114
National City Center
1900 East 9th Street
(216) 696-4770

Columbus, Ohio 43215
88 East Broad Street, Suite 980
(614) 221-9494

Mahoning Valley, Ohio
8256 East Market Street
Suite 127
Warren, Ohio 44484
(216) 856-2134

Portland, Oregon 97204
1850 Georgia Pacific Building
900 S.W. Fifth Avenue
(503) 221-0141

Harrisburg, Pennsylvania 17105
P.O. Box 1865
(717) 761-7171

Philadelphia, Pennsylvania 19103
1845 Walnut Street
(215) 299-1700
Telex: 83-1396 HORWINTAS PHA

Wilkes-Barre, Pennsylvania 18701
15 South Franklin Street
(717) 822-1174

San Juan, Puerto Rico
1701 Banco Popular Center
Hato Rey, Puerto Rico 00918
(809) 765-5580

Providence, Rhode Island 02903
One Hospital Trust Plaza
7th Floor
(401) 421-4800

Dallas, Texas 75201
2121 San Jacinto Street
Suite 1700
(214) 754-7100

Houston, Texas 77002
333 Clay Street, Suite 1100
(713) 658-1071

Seattle, Washington 98101
Metropolitan Park
1100 Olive Way
(206) 621-1900

Washington, D.C.
1901 L Street, N.W.
Washington, D.C. 20036
(202) 463-0700
Telex: 62100620

2115 East Jefferson Street
Rockville, Maryland 20852
(301) 468-0888

DIVISIONS

ACTUARIAL AND EMPLOYEE BENEFITS CONSULTING

Laiken, Siegel & Co.
400 Park Ave
New York, NY 10022
(212) 421-9710

71 Union Ave.
Rutherford, NJ 07070
(201) 896-9616

APPRAISAL SERVICES

Mid-America Appraisal and Research Division
Laventhol & Horwath
300 S. Riverside Plaza
Chicago, IL 60606
(312) 368-1000

BUSINESS MANAGEMENT

Plant, Cohen & Company
Two Century Plaza, Suite 3700
2049 Century Park East
Los Angeles, CA 90067
(213) 553-1040
Telex: 696374

Satin, Tenenbaum, Eichler & Zimmerman
Two Century Plaza, Suite 3700
2049 Century Park East
Los Angeles, CA 90067
(213) 553-1040
Telex: 696374

1776 Broadway
New York, NY 10019
(212) 586-6015
Telex: 640279

HUMAN RESOURCES CONSULTING

Consult, Ltd.
Laventhol & Horwath
300 S. Riverside Plaza
Chicago, IL 60606
(312) 648-8806

INTERIOR-DESIGN CONSULTING

Index-Design Group
Laventhol & Horwath
5701 Woodway, Suite 200
Houston, TX 77057
(713) 977-2594

SUBSIDIARIES

General Systems Company, Inc.
Turnpike Plaza Bldg
197 Highway 18
East Brunswick, NJ 08816
(201) 545-3600

Valuation Counselors, Inc.
230 W. Monroe St.
Chicago, IL 60606
(312) 368-0200

Park 270 Building I, Suite 202
1807 Park 270 Drive
St. Louis, MO 63146
(314) 576-0035

Valuation Counselors Eastern Inc.
Princeton Pike Office Park,
CN 90
Princeton, NJ 08540
(609) 896-0300

Valuation Counselors Central, Inc.
230 W. Monroe St.
Chicago, IL 60606
(312) 368-0906

Valuation Counselors Northeastern, Inc.
One Center Plaza
Boston, MA 02108
(617) 742-6766

Valuation Counselors Southeastern, Inc.
340 Interstate North Pkwy.,
Suite 440
Atlanta, GA 30339
(404) 955-0088

Valuation Counselors Southwestern, Inc.
2000 West Loop South,
Suite 1465
Houston, TX 77027
(713) 877-0200

Valuation Counselors Western, Inc.
1888 Century Park East,
Suite 900
Los Angeles, CA 90067
(213) 553-1515

Valuation Counselors Property Records, Inc.
230 W. Monroe St
Chicago, IL 60606
(312) 368-0200